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Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Tourism and Recreation



Second Session, Thirty-Second Parliament
Thursday, November 4, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, November 4, 1982

The committee met at 8:07 p.m. in committee room 2.

ESTIMATES, MINISTRY OF TOURISM AND RECREATION (continued)

Mr. Chairman: I call this meeting to order.

The by-election is far from over tonight; so I am sure we do not want to bore anyone by talking about speculation on the by-election. Suffice it to say that we will allow the party that is doing the best tonight to lead off, and that leads me to the member for Lake Nipigon to carry on.

Mr. Stokes: Mr. Chairman, when we last met yesterday morning, I had more or less agreed with the observations made by the minister and by the member for Victoria-Haliburton (Mr. Eakins), and what I said I meant. However, in my opinion, any new ministry such as this one in a fast and ever-changing society must run just to stay even, and I hope that is the kind of performance we will get from this new ministry.

I want to get into some of the areas where I think some improvements can be made. I do not want to create the impression that these are sins of commission rather than sins of omission, because nothing is perfect in this world, and that is the case with this ministry for the reasons I have just mentioned.

I want to follow up on a partial theme that I tried to develop yesterday morning having to do with this ministry's association with the Provincial Secretariat for Resources Development. I expressed the hope that, not because of the activities or lack of same by that secretariat, this ministry would continue with the excellent base and groundwork that has already been laid in the very short time this new ministry in its present emanation has been in existence.

I want to talk particularly about the relationship between tourism and the fact that in a good many areas of this province the tourism industry has to work in what has recently been characterized as a multiple-use concept. I am referring to those areas of the province, outside the conurbations, where people come to Ontario from other jurisdictions or other parts of Canada or, indeed, from other parts of this province to

discover what we have that will be of some interest from a recreational point of view.

For the tourist industry not only to survive but also to grow and prosper, I think a good deal of emphasis has to be placed on the land base we use in this multiple-use concept that seems to be more prevalent. I am referring specifically to the need for clean water if we are going to attract tourists to forms of recreation that are based on the use of our water resources. They are varied and I will not go into them.

I think this ministry perhaps more than any other ministry of government, simply because it does not have the sort of push-pull on it that others do, such as the Ministry of Natural Resources, the Ministry of the Environment or the Ministry of Industry and Trade, has an opportunity to prod and to urge other ministries to get their act together for a variety of reasons.

In this ministry in particular I think it is absolutely pivotal to the success of the tourist industry and of the entire tourist plant that we deal with pollution problems, with the quality of water and air and with all the negative effects that failing to come to grips with those kinds of problems has on our fish and wildlife populations, which are so important to a fairly major segment of the tourism industry.

When the bill to set up this new ministry was introduced, I was really between two stools from the point of view of whether it would have been wise for the government to have put parks within this ministry rather than within the Ministry of Natural Resources. Obviously that ministry deals with such a hopscotch of things that are its responsibility—mining, forestry, land use planning, parks and all those things—that it seems there is an obvious conflict right within that ministry.

The Minister of Tourism and Recreation (Mr. Baetz) and members of the committee will know that there has been a very long and very agonizing dialogue about the role that parks should play in the social and economic well-being of everybody in Ontario and our visitors. If the minister listened to his colleague the Minister of Natural Resources (Mr. Pope) saying in the Legislature a couple of days ago that they have held about 130 meetings across the prov-

ince where they had an opportunity to hear from about 10,000 individuals and a variety of deputations, he will know that we have not got much time between now and the end of the year, when they feel they will be in a position to indicate to the public in general terms, what park planning will be in Ontario.

I do not have to remind the minister that up to this point this has caused a problem for his ministry, and this is going to continue, when one considers the conflicts in this multiple-use concept that I spoke of earlier. We have a good many parks in Ontario where resource exploitation is allowed, some of it for very legitimate reasons, where there is a push-pull between recreational and wilderness values and resource exploitation to provide an economic base and much-needed employment in a good many parts of Ontario.

But the ministry must get involved if the multiple-use concept is going to work, as the pulp and paper industry and the mineral industry hope it will. It must get involved if the ministry is going to fulfil its mandate in assisting this tourist plant, which generates in excess of \$9 billion a year and attracts many millions of people to our borders and helps with our balance of payments. In the travel industry we are in a deficit position, as the minister knows, of about I think \$1.4 billion in the last year for which we have statistics. It must get involved if we are going to continue to grow—and I think there is an excellent opportunity for us to do that. Given what the minister said in his opening statements, and given what the member for Victoria-Haliburton has said, it is the one bright spot now, given the recessionary period we are going through, where we have held our own and where, in fact, we have improved in a good many areas over last year—not a lot, but marginally, and that in itself is quite an accomplishment.

But this is not going to continue unless this ministry, more than any other, gets in there, gets its feet wet and gets involved with the dialogue. The minister must make sure he represents the interests of all the tourist organizations and all the people who have many millions and, I suppose, even billions of dollars invested in the tourist plant and in the tourist industry. We cannot assume this growth is automatically going to continue if we maintain this *laissez-faire* attitude we have had in the past in a good many sectors where we are saying, "There is all kinds of it out there; it is a bottomless pit; it is an infinite resource," because I know that is not the

case, and I think the minister knows that is not the case.

I could trot out a good many instances where there have been some real conflicts, where the debate on both sides has become extremely polarized. One example is the Whitewater Wilderness Park northwest of Thunder Bay and just west of Armstrong, where one of the major licence holders in northwestern Ontario, namely, Great Lakes Forest Products, has had an area under licence for at least the past 15 years, but the company has never cut a stick of timber on it; now, with the expansion and with the cutting out of other areas closer to the mill, that means it is going to have to go a lot farther afield at the same time that the Ministry of Natural Resources has designated a particular area as a candidate wilderness park.

8:20 p.m.

I could pick up from my office literally reams of paper from the wilderness buffs, from the tourist operators, from the pulp and paper industry and from the native people up there, indicating where they stand on this issue. I am enough of a realist to understand that the pulp and paper industry is not going to get everything it asked for; nor are the wilderness buffs, the birdwatchers, the canoeists, the backpackers and everybody else going to get everything they ask for. I think wise people will reach a compromise and a happy medium somewhere in between.

In dialogues such as that, as heated and as important as they are to the economy of that area and to the future wellbeing of the pulp and paper industry and particularly to the future wellbeing of the tourist industry, I do not think the minister and his ministry can sit idly by and just say, "Let's see what comes out of it all, and whatever is left, we will make the best of it."

This dialogue has been going on for a good length of time, but a decision has yet to be made. I think the minister would be remiss if he did not have his people in there on the ground floor seeing what the issues were, seeing what was involved and getting the best deal possible, not only for the pulp and paper industry but also for the tourist industry, because after you cut a tree down in the boreal forest up in northern Ontario, you can wait anywhere from 80 to 120 years for it to replace itself and before you have a second climax forest and a new crop.

The people who are working in that area whether they be native people, Great Lakes Forest Products, independent sawmillers or the cutters themselves, all have a right to that.

think it is our collective responsibility to get involved in those kinds of issues that bear so heavily on the future economic wellbeing of all industrial sectors in Ontario.

I thought I had a responsibility to bring that to the minister's attention, and I just used the Whitewater Wilderness Park as an example. There are many others that the minister and I will have an opportunity to speak about but, suffice it to say, that is the kind of thing where I think this ministry can continue to provide good service for its client group out there and it will inure ultimately to the benefit of everybody in the province.

I hope I am not seen as being parochial, because I just use these as for-instances. There is an area on the north shore of Lake Superior called Pukaskaw National Park. It is a particularly beautiful but very rugged park. It is going to cater not to the Casper Milquetoasts of this world but to somebody who really wants to get out and rough it and who is prepared to battle blackflies and mosquitoes and whitewater rivers. There is something unique about that park.

I am not going to extol the park's virtues. The reason I speak about it is that ultimately, when the national parks people get their act together and when we get an upturn in the economy, I think we are going to have an awful lot of people attracted to that kind of thing. You might have some members of the family who will say: "I want to go out and rough it in the values that present themselves in a park like Pukaskwa." A lot of people are going to be attracted to that general area.

I do not know how familiar the minister is with the north shore of Lake Superior, which is extremely rugged and can be very treacherous, but there are certain areas along the north shore of Lake Superior where we prevailed upon the Ministry of Natural Resources to do a survey of the recreational potential. The job done by the consulting firm was really terrible. The ministry had to rewrite it before it even went public with it. Nevertheless, there is tremendous potential along the north shore of Lake Superior for boating and camping. There are particularly beautiful spots around Marathon, Port Coldwell, Terrace Bay and Rossport.

I know the Ministry of Industry and Tourism three or four years ago was quite interested and active in trying to promote something in that area but I think, as our fish and wildlife values diminish for reasons that are known to the minister and to anybody who knows what

attracts tourists, we are going to have to turn the focus of the tourists to something a little different.

We cannot ensure everybody who takes a gun in hand is going to go out and catch a moose. The minister can talk to his colleagues the Minister of Northern Affairs (Mr. Bernier) and the Minister of Natural Resources (Mr. Pope), and he will know there is an awful lot of agonizing about how we are going to bring the moose population back. There has been a lot of manipulating over the past two or three years to accomplish just that. I am not pooh-poohing any of it, but we are in real trouble as far as the big game population of Ontario is concerned.

The situation is even more acute when it comes to our fisheries. I think it is absolutely essential that this ministry keep one or two steps ahead of the game, to start promoting other ways of attracting people to those areas of the province where there are some very attractive things for tourists to see and do.

We can do that in a variety of ways I will get to a little later, but I think it is absolutely essential that this ministry prevail upon the Ministry of Natural Resources and the Ministry of Northern Affairs to say: "This has potential and we think we should be developing that sort of market. If we run out of sufficient fishing stocks or sufficient wildlife stocks, we have something else to offer the travelling public."

I think there is going to be a tremendous economic spinoff as a result of the federal government establishing Pukaskwa National Park. We are going to get people going along that corridor and we had better have something for them to do, something for them to see and a place for them to stay. That is in addition to the Whitewater Wilderness Park. I think this ministry can play a very important, key and pivotal role in planning for the future.

I also want to talk about the accommodation industry in general. I think if the minister goes back into the records, he will see that on a number of occasions I have taken to task a good many of the establishments in the hospitality industry where they are not really doing their job and are not going out of their way to make people feel welcome.

The member for Victoria-Haliburton mentioned in passing, the reaction one gets when stepping into a taxi in downtown Toronto, where all one hears about is the problems, griping and bitching, from a lot of taxi drivers.

8:30 p.m.

If people come into town, stay at a downtown hotel and want to go to the Eaton Centre or the

Royal Ontario Museum or the Ontario Science Centre, what do they do? They go outside their hotel and hail a cab. The last thing they want to hear is the kind of thing one hears from the average taxi driver in downtown Toronto. I think it would be worth your while to put on a little *soirée* with some wine and cheese and invite the taxi drivers' association in to tell them what I said about them, if you want, or to tell them what your general perception of them is although—

Interjection.

Mr. Stokes: I am sure you very seldom travel in taxis these days, but talk to your staff. I do not think the member for Victoria-Haliburton and I are far wrong because it is people like those who are in the front line. If visitors get an erroneous impression of what people here are like, they are turned off even before they start to spend some of the dollars we would like them to spend.

There is a problem in a good many areas; I think there is in that area. Even desk clerks and sales people in the stores sometimes just in a moment of carelessness happen to say the wrong thing. That turns people off. I think it is even easier to be nice than it is to be ornery or bitchy about these things.

By themselves, they may not mean too much but a collection of these things does. Let me give you one other example. I was talking to a tourist operator in the Geraldton area. They were catering to some American tourists who had nothing but horrendous stories to tell about Canadians and particularly Ontarians since they had come into Canada from the United States at the Sault Ste. Marie border crossing.

They got nothing but hassles from the border people, from customs. I think there is a right and a wrong way to say: "Might I see what you have just to make sure everything is on the up and up? It is my job to do that and I hope you don't mind." The very way in which they do these things really turns people off right at the border point.

One drives north out of Sault Ste Marie on Highway 17 and by the time one hits a place like White River, one needs a tank of gas. So they stop in and I am told a good many of the people who run the service stations there say: "Sure, we will fill your tank. It is \$31." The tourists hand them American money and say, "What about my discount?" The reply is, "You don't get any discount here." It is as simple as that.

I am not saying it happens with all of them, but this is the kind of report I am getting from tourist operators in my riding who have to

explain the insensitivity of people who run gas stations 150 miles down the road.

You know how you would feel if you had someone doing that. A tourist comes across and his money is at a premium of 22 to 25 per cent and some operator says, "Sorry, Your money is just at par here." You know what that does to people. There are so many ways in which I think the industry itself could pull up its socks because the bottom line is service, hospitality, making people feel welcome, making them feel as though they are getting something for their money. If we do not provide it, they are going to go elsewhere.

Let me turn to another thing. This really started before the *soirée* at the Harbour Castle last night. Had I not been down there, I would not have had an opportunity to talk about what I mean.

I spoke to two commercial fishermen in my riding about 10 days ago. This may sound irrelevant right now, but I can assure you that it will not be when I am finished. I wrote to the Minister of Industry and Trade (Mr. Walker) two days ago, on November 2, as follows:

"Allow me to bring to your attention a situation that demands an intervention and investigation by your ministry. The fall run of herring at the west end of Lake Superior will bring in a harvest of approximately 1,000 tons.

"Fish processing or packing is done by two companies that have a very close working relationship in the city of Thunder Bay. Last year, fishermen were paid approximately 40 cents per pound, and \$1.10 per pound for roe, fish eggs, that sell at a premium price in the Japanese market, "which should bring in anywhere from \$10 to \$17 per pound to the wholesaler. This year, these commercial fishermen are being paid 20 cents per pound for herring in the round with no payment for roe which can run up to 10 per cent of the fish by weight.

"When fishermen catch large quantities of this product over a short period of time, they are captive to one or two processors or packers and at the mercy of these buyers. Last year, they were paid \$1.40 per pound for pickerel and this year they will receive 65 cents per pound. Is this fair?

"Will you have your ministry investigate the possibility of assisting commercial fishermen by providing cold storage or processing facilities so they can be given an opportunity to get a fair return for their labour."

Last night, at that very fine dinner given

courtesy of the Ontario Hotel and Motel Association, I got talking, as we all did, to a variety of people, restaurateurs, and so on. There was a chap there whose name was Tony Schneider. He runs an excellent restaurant I am told.

Mr. G. I. Miller: In Port Dover.

Mr. Stokes: He is a good friend of yours, Gord, he speaks very highly of you.

I said to him, "Where do you get your fish?" He replied, "We get them from Blenheim, some from Port Dover, Lake Erie," and he mentioned two or three other places. So I asked him, "What do you serve?" He said, "Our big specialty is perch. We buy them in 10-pound blocks, frozen, and pay about \$5 a pound." That is what he pays for it wholesale. So I asked, "How many pounds of fish would you sell a year?" He said, "We are big on perch. We would sell about 10 tons a year."

Now, that is one hell of a lot of perch. So I said, "What else do you sell?" He replied, "Pickerel, but not quite as much, maybe about one and a half to two tons a year. They also come in 10-pound blocks, frozen, six to eight-ounce portions, and that costs us about \$4 a pound."

"Oh, my God," I said, "I just wrote a letter to Gord Walker saying we have poor fishermen along the north shore of Lake Superior who cannot even sell perch. These people think it is a delicacy and we cannot even sell it up our way."

Mr. G. I. Miller: You mean there is no market there?

Mr. Stokes: No. They are getting 65 cents a pound for the very finest pickerel and your friend is paying \$4 a pound, frozen, for it.

So I wrote to my commercial fisherman, whose name is Jim, as follows:

"During the annual dinner of the Ontario Hotel and Motel Association in Toronto, I had an opportunity to speak to a restaurant owner from Port Dover who specializes in fish dinners. He purchases several tons of perch, 10-pound blocks frozen, at approximately \$5 per pound, and a lesser amount of pickerel, 10-pound blocks frozen, six to eight-ounce portions at approximately \$4 a pound.

8:40 p.m.

"Given the fact that commercial fishermen are receiving 65 cents per pound for pickerel in the round and 20 cents per pound for fresh herring, I am sure you will agree that every avenue should be explored to ensure that both the fisherman and the buyer get the best possi-

ble deal. At present, neither the fisherman nor in this case the restaurant owner is well served.

"I am advised there is a good potential for harvesting perch in Black Bay as well as Nipigon Bay where the Dampiere brothers have a quota of 28,000 pounds and have never been able to sell it. May I be so presumptuous as to suggest that you meet with the Dampieres and fishermen such as Jack Chevrier to see whether or not it would make sense to explore the possibility of filleting and block freezing perch and pickerel for the southern Ontario market." I mention the names of the entrepreneurs I spoke to.

We have hard-working commercial fishermen who cannot sell their product for a variety of reasons while somebody from Jarvis and Port Dover is paying \$5 a pound frozen for what is considered a real delicacy down there. Why can we not get those people together?

They mentioned in passing that the perch down there are getting smaller and smaller. It will not be too long before people who buy perch will think they are looking at a plate of sardines. In the north, we have them coming out of our ears and we cannot find a market; and there is a willing buyer down here. Why can we not get them together? I will just leave that with you.

I want to get into another area. I do not know if you are concerned about it but I am sure you must be aware of it. We have a thing called the West Patricia land use plan. You will be aware that about five years ago, the government in its wisdom decided it had better look at a better way of exploiting the resources we have in the West Patricia land mass and to make some input from a tourism point of view.

Once you get north of the 50th parallel, you are going to have a battle with our first citizens. The Ministry of Natural Resources at one time put a moratorium on the issuance of licences for outpost camps in the 55 to 60 degree latitudes. They said they were going to leave that for native people so they can exploit the values up there from a tourism point of view.

There is a goose camp at Fort Severn, there is one at Winisk and there may be one or two others along the James Bay coast. That is about the extent of the cash crop as far as native people are concerned. There are a few fishing camps, one out of Fort Hope, one out of Webequie on the Winisk River and one that you visited recently, Makokibatan.

I always hesitate to use those names because

Hansard asks me how to spell them and I have to look at a map.

An hon. member: Call it Winks camp.

Mr. Stokes: Winks, yes.

There are some excellent values up there but there are also some conflicts and there are going to continue to be conflicts.

I am sure the minister has been involved in the dialogue between the commercial fishing fraternity and the tourist fraternity, which is being very critical of the commercial fishermen and their harvesting and of having to share resources with them.

You also know, Mr. Minister, that, given the traditional lifestyle of our first citizens up there, they think—and the treaties tend to bear them out—that fish and wildlife resources indigenous to their particular area are for their use, when you know darn well that the tourist operators really do not buy that or accept that. These conflicts are not going to go away or disappear; they are going to heighten, and I think this ministry is going to have to get involved.

One of the ways in which the minister can get involved and assist in a resolution of this matter is by assisting native people to get into the tourist industry. They may be persuaded that rather than go out and shoot half a dozen moose in a community or go out and net a bunch of fish, perhaps they could net only a portion of the fish and they could save some for the support of the tourist industry so that they, too, can reap the benefits of it.

Let me give a perfect example of that. I do not know whether members have ever been up to Big Trout Lake. It is one of the largest lakes in northern Ontario. It is a very productive lake trout fishery. It used to be fished commercially at one time until about 12 or 13 years ago, but it was never profitable to do so. That was not because there were not sufficient fish there but because the air carriers would say, "You get me two or three tons of lake trout in good shape, and I will pay you 25 cents a pound for it on the dock." They did that for a while but, the weather being what it is in northern Ontario, if the air carrier did not get in when the fish was fresh and by the time he did get in it was no longer fresh and was pretty badly deteriorated, he just went back again and left them sitting there with maybe two or three tons of rotten fish.

So the Ministry of Natural Resources in its wisdom said: "Listen, you people, it is better that you not fish commercially at all. We suggest that you keep a good fishery here for your own

needs, because you are not making any money when you go out fishing it commercially; it is costing you money in the long run. So leave the fish there. You will always have them for your own needs, and when you want to start a tourist operation at Big Trout Lake, come and see us and we will help you." That is the way in which I think the ministry could assist in a good many areas in ironing out these differences, philosophical and otherwise, between the tourist operators and our first citizens.

I also want to be a little critical, not of this ministry but of the industry itself. I know the ministry has several studies under way. I think the minister referred to some of them in his opening remarks and in some of the background material that has been provided to us. I see he has several new initiatives going.

He has got this grading system. I had a new release on it. I am not going to read the new release, but some people were critical of the ministry's grading. On September 22, in the London Free Press, was an article, *Tourism facility rating under fire*. I am sure the minister's clipping service made that available to him, so I will not bore him with its contents.

8:50 p.m.

But when he is looking at the grading, I hope he will go a little farther afield than the hotel and motel room and the cabin to, again, what people get as a first impression. Let us say that this person whom I mentioned earlier, who happened to be in a party of Americans, went into this place and said, "Fill me up with gas," and they said, "You are not getting any premium or your dollar; you are not getting any discount." And then he went into the washroom while his tank was being filled with gas and saw what I see in 50 per cent of the washrooms which are associated with gas stations. He would just walk out in disgust.

I do not know whether other people in this room have had the same experience. But some of the washrooms in these little wayside restaurants and in these gas stations along a good many of our routes in Ontario are so bad I am sure that, after taking one look at them, the tourists would not even want to eat in those establishments; they would just keep on going to some other place.

That is the front-line impact, the first impression people get, and I think we really have to pull up our socks—that is, the people who are dealing on a day-to-day basis with our tourists. It does not matter whether the tourists come from the United States or from other parts of the

province; I think we could prevail upon those people to do a much better job than they are doing.

I also want to talk about the kind of dollars involved—and I am going to wait until we get into votes; but there is one thing I want to talk about here. I happen to think Ontario Place is one of the best places I know of to go and visit. Regardless of your preferences, it is just a delightful place to spend three or four hours or a whole day; whether you are an adult or whether you have a bunch of kids, it is an excellent place to go. But I want to read a clipping from the *Kapuskasing Northern Times* of Wednesday, September 29, 1982. This deals with a particular area of Ontario Place.

Mr. Chairman: Is that René Piché's paper?

Mr. Stokes: Yes.

"North Now exhibit not up to par," says the headline, written by a Donegh Hooper, Canadore College, North Bay. I think some people in this room might know where that is. She says:

"After spending the summer working as a hostess at Ontario Place, I can sympathize with the West Nipissing municipal association's fact-finding mission that returned from Toronto disenchanting with the Ontario North Now pavilion.

"I feel the exhibition certainly falls short of fulfilling its mandate to promote and enhance public understanding of the north, and I frequently received comments from northern visitors that the pavilion was a disgrace to the north. However, if the fact-finding mission wants to receive the public exposure it deserves for its promotional program next summer, it should await until the Minister of Northern Affairs confirms that positive changes have been made in the staffing, promotion and maintenance of the pavilion.

"During the summer only 15 of the 60 student hosting staff at Ontario Place were selected from northern Ontario under the direction of the Minister of Northern Affairs. The MNA provided a one-day crash course in northern industry and geography for the remaining 45 Toronto-area students. At any one time during the summer only five out of a possible 11 staff members manning the Ontario North Now pavilion were from the north.

"Another valid complaint from visitors was the lack of directional indicators to the pavilion. The exhibition is located away from the main attractions at Ontario Place, and many tourists encountered the buildings only on their way out of the grounds. Some insisted that the pavilion

must have been constructed very recently, when in fact the display is in its third year of operation. Other northern visitors, as well as myself, have noticed that the displays inside the pavilion are often outdated, malfunctioning or not properly labelled.

"The addition of a minifarm this summer to represent the animals of the north featured live rabbits, sheep, chicken, owls, a porcupine and a goat. The animals were confined to small pens and were not fed regularly by the ministry's staff. Some of the animals died from diseases they contracted there. Other pavilion displays featured northern products which were no longer available from northern industries which had gone bankrupt.

"A little extra time and money should be spent by the Ministry of Northern Affairs in advertising the pavilion, manning the building with permanent northern Ontario staff and overhauling the displays. These basic but important changes would be a big step towards presenting a positive image of northern Ontario to the thousands of potential northern tourists passing through Ontario Place all summer. The Ontario North Now pavilion may then deserve to receive the support from the northern municipalities it was designed to promote."

That is a pretty serious indictment of something that was designed to tell people, not only from southern Ontario but from other jurisdictions, what we have to offer in the north. A lot of money was spent there. The Ministry of Northern Affairs went to a lot of trouble and expense to put it there, but if it is not going to be done properly and if it does not reflect the true picture of what northern Ontario is all about, we are going to continue to get this kind of negative reaction. I would think the minister would want to be made aware of that.

When you were speaking about the great successes that were enjoyed by the St. Lawrence Parks Commission, the St. Clair Parkway Commission and the Niagara Parks Commission, Mr. Minister, I wanted to mention another area that occurred to me. I have not seen the St. Clair parkway or the St. Lawrence parks, except in passing, but I do know something of what is available in Niagara Falls. It is probably becoming a bit too commercialized to suit my taste but, nevertheless, it does attract a tremendous number of visitors and it is something worth having.

Apart from the falls themselves, one of the reasons for the attraction is the beautiful gardens and grounds. There are also commercial outlets, but I would not go there just for that.

But the Niagara Parks Commission operates at a surplus for one very basic and fundamental reason: it had a leg up to start with.

Mr. Andrewes questioned me on an interjection I made when you were doing your leadoff. I said, "No wonder they are so successful when they can take advantage of the water rentals that are available to them as a result of what Ontario Hydro pays." Several millions of dollars accrue to the Niagara Parks Commission as a result of that agreement that goes back many years.

There is an area of the province—it happens to be in Lake Nipigon riding—where there was a water diversion, the Ogoki diversion to be precise, whereby water that normally flowed north along the Albany River into the bay up there, was diverted down into Lake Nipigon and the Nipigon River. There are three very prosperous hydro generating stations along that system and they are looking at developing two or three others whenever the economic situation reverses itself. As they have need for more power, they plan to develop that waterway further.

9 p.m.

The plan has not been without its problems. The Jackfish River channels this water from north to south into Ombabika Bay on Lake Nipigon. There is a lot of silting and bank erosion as a result of this flushing action and diverting of the water. It has had a very profound effect on the fish, particularly the pickerel in Lake Nipigon.

You will not get Ontario Hydro to admit that. You will not even get the Ministry of Natural Resources to admit that. But you will get every commercial fisherman worth his salt to say it is a contributing factor, even though it is not the only factor. It has repercussions for all of the tourist operators around Lake Nipigon and for the individual angler. It also has repercussions for the cruisers which operate there.

We are going to have more of that problem. If you fly over Ombabika Bay and look down, it looks like a huge bowl of pea soup, which has resulted from the flushing of the sands. Perhaps we should have some of the kinds of dollars that are paid by Ontario Hydro every year into the consolidated revenue fund of this province diverted up there to correct some of the problems that have been created as a result of hydraulic generation of power. We realize that you cannot stop progress and that it is the cheapest and perhaps the safest form of power known to man, but it does have its problems.

I have been advocating for years that we be given the same kind of treatment as the Niagara Parks Commission in order to rehabilitate that waterway and compensate for the actions of Ontario Hydro. We may not be able to eliminate all of the problems but I am absolutely certain that we could eliminate some of them.

If we could have an allocation out of the approximately \$1.5 million per year that Ontario Hydro pays to the province for the right to use that water and if we had those dollars on a continuing basis, I am sure we could do a lot to assist the tourist industry. Generally, we could also help native commercial fishermen, individual anglers, cruiser operators and all of the people who depend on that tremendous waterway and resource for a livelihood.

Since that has been the case on the Niagara River from time immemorial, I could never figure out why, the minute you suggest applying the same standards for the very same legitimate reasons to a waterway like Lake Nipigon, the answer is, "No, we really cannot do that because all the funds the province collects must go into the consolidated revenue fund." That is garb and no one knows that better than you, Mr. Minister, because all of the funds you get from Wintario and all the other nefarious schemes you have of raising money certainly do not go into the consolidated revenue fund, and for very legitimate reason.

I hope the minister will reflect on the fact that this is a very legitimate way to use revenue, to rehabilitate an area where problems have been caused by the hydraulic utilization of water to generate energy, for a very valid reason. There are tradeoffs and there are prices you have to pay. While money does not solve all of the problems in the world, in this case it would solve some of them. If you put in another fish hatchery there to say, "We spoiled some of the spawning beds, but we will assist nature," commercial fishermen will continue to operate and the cruiser operators will continue to operate and tourism generally will be a lot better off as a result. I leave that with you.

I have spoken for far too long now. I have a lot of other things I could say, but I will wait for the individual votes. Thank you very much.

Hon. Mr. Baetz: Mr. Chairman, I would like to try to respond to some of the comments that were made by Mr. Eakins and then eventually to those made by Mr. Stokes.

First, to address myself to Mr. Eakins—

Mr. Eakins: Order, please.

Mr. Laughren: He has a meeting with the Kremlin.

Hon. Mr. Baetz: What is this?

Mr. Chairman: Mr. Eakins has requested order, and I must pass that on.

Mr. Laughren: Mr. Kolyn is always meeting with the Kremlin.

An hon. member: They have him on the mailing list.

Mr. Kolyn: No, no.

Mr. Chairman: Mr. Kolyn and Mr. Laughren, you will have ample opportunity, as you always do in this committee, to put any thoughts you may wish on the record. We will provide the appropriate time for that.

Hon. Mr. Baetz: I would like to comment on some of the points made by Mr. Eakins, the member for Victoria-Haliburton, and first of all I would like to express my thanks for the support he has provided to me in the ministry. I also thank him for the very kind words that he expressed about the civil servants within my ministry. I certainly concur entirely with him that I have been very fortunate in having a very excellent staff working with me as we set up and carry on the work of the new ministry.

I would also like to reiterate that I fully recognize the opportunity that has been presented to me with the establishment of this new ministry to enrich and extend our programs, and I certainly intend to provide an environment within the new ministry where tourism and recreation can flourish individually and where they mutually reinforce one another and complement each other.

As Mr. Eakins has pointed out quite correctly, the tourism industry is affected by many ministries and, as he and Mr. Stokes indicated, I view our role as being largely that of an advocate to represent the tourism industry's point of view to those other ministries. Both critics have certainly very clearly identified that role of the ministry and I am very encouraged by their support of that role.

I am certainly pleased with the result we have achieved so far in working closely with the Ministry of Natural Resources to represent our clients' concerns in the areas of crown land camping and moose allocation policy, just as examples. We have made some strides there. We have taken some steps in the right direction.

9:10 p.m.

We have also worked closely with the Ministry of Transportation and Communications on

the issue of signposting for tourism establishments and attractions. I certainly would be the first to say that we still have a long way to go in that, but I am encouraged by the progress we have made and the steps we have been able to take.

At the present time, my ministry is represented on both the tourism signing committee and the highway signing committee, and I would like to report here to my critics that we have received good support from the officials of both of these committees. We are, as it were, with them. Our voice is heard. We certainly have a long way to go but we are working at it with some good success.

Mr. Eakins: Not to interrupt you, but do you have a particular person in your ministry who sits on this committee?

Hon. Mr. Baetz: Yes, we do. We have a constant voice there; a very vocal one, I must say, and one that is being increasingly heard. It is certainly something that we are going to step up and we will be more vocal than ever.

One of the key issues we are addressing on behalf of our clients is the need for proper signing at the exits and highway bypasses around smaller communities, alerting the travelling public to the availability of accommodation, food, fuel and so on. We have also asked the new Ontario Attractions Council—I spoke about that in my introductory statement here—for its involvement and ideas about attractions signing. I can say with a good deal of certainty that we will see a lot more activity and improvement in the whole field of highway signing in the years ahead.

Last May, we successfully had the Ministry of Transportation and Communications return the sequential highway numbering signs along Highway 400 and Highway 401 which had been taken down and replaced by kilometeric numbered signs. This has been a problem for tourist operators, because no notification of the change had been received and operator brochures gave directions using the former numbering system. Both systems will now be used until September 1983. At our invitation, the brochure is being distributed to all operators in December explaining this new system.

I was very much interested in Mr. Eakins' comments regarding the rest areas on controlled access highways. That has been raised with senior officials of MTC and we will be working to improve both the rest areas and the food service within those service centres. I would like to assure members that our ministry

will take an equally strong stand in working with all ministries that affect the issues and concerns of both tourism and recreation.

I cannot argue with either of the critics about their concern over the state of some of the restrooms. We complain and when we point this out to some of the operators we hear the stories. I am sure you can appreciate that there is some validity in their reply that the restroom may be in great shape, it may be very clean, and then a busload of tourists comes along, goes in and you would think a cyclone had hit it.

A few minutes later an inspector or somebody else from the travelling public comes along, sees the mess left behind and assumes that this is the constant state of affairs. The operators will argue that was the result of a busload of tourists who have just passed through and is not the normal state of affairs. We can appreciate their argument to a degree, but I cannot disagree with either of the critics in saying that the state of restrooms is an important part of tourism facilities and we must work together to improve them.

The member for Victoria-Haliburton also referred to the need for travel information at Toronto International Airport. I am pleased to inform him that Telidon terminals will be installed at Terminal 2 over the next few months. We think that is the wave of the future to provide more instantaneous information to the tourist. I think it is through Telidon that over the years we will be able to provide a lot of the information which the member is concerned is lacking at Terminal 2 at present.

The member also asked some operating and financial questions regarding provincial parks. I would ask those questions be directed to the Ministry of Natural Resources during its estimates. As he knows, my ministry during the past two years has taken over the provision of campground information for provincial parks and has provided the "Ontario—yours to discover!" music and logo for advertising currently being done for provincial parks by the Ministry of Natural Resources.

But I suggest that is a question which also needs to be directed to the minister who is in the first instance responsible for the provincial parks. Here again we do not disregard or neglect the advocacy role we see for ourselves. Certainly, with the member's admonition and with our commitment to this question, it is something we are going to continue to work on as well.

The member also asked about the promotion of provincial campgrounds on radio. During the

past year, we have promoted campgrounds in newspapers in our 48-page inserts as well as in our other publications. As the member indicated, we dropped radio from our media mix for budgetary reasons and, frankly, because we felt it had a much lower priority as to impact and cost-effectiveness compared to the written word in newspapers and so on.

The member raised the question of acid rain and the implications for tourism. While the potential long-term negative impact of acidic precipitation is of real concern to the industry and to my ministry, I have been encouraged by the leadership of the Ontario Ministry of the Environment in confronting this problem and trying to cope with it.

The Ministry of the Environment has committed some \$3.7 million for a variety of research projects, including a tourism and recreation study designed to estimate the effects of acidification on recreational resources. These studies are to document and predict the impact of acid rain on Ontario and investigate interim strategies for the protection and rehabilitation of the impacted areas.

9:20 p.m.

The member also asked about the retail sales tax on prepared meals and my ministry's response to the Treasurer's budgetary change. There is no question that the new tax policy which eliminates the 10 per cent on meals over \$6 will result in lower restaurant bills for many tourists. The industry has been lobbying for an increase in the tax exemption levels, and the new tax policy eliminated the need for such an exemption.

It is important to note in this respect that Tourism Ontario, which is the private voice, was relatively pleased with the budget of my colleague the Treasurer and has not reacted in a negative way to the tax on disposable items. Tourism officials I have talked to feel the budget was fair to tourism. I guess that is the bottom line. Obviously every sector in society would hope that everybody else would bear the full burden of taxation. But, on balance, the word we get from Tourism Ontario is that the tourism industry feels the budget was fair and has not unduly hampered tourism.

They are well aware and very cognizant of the fact that there has been a tax holiday for all small businesses. They fully recognize that, because small business enterprises are really the backbone of tourism establishments in Ontario, that is going to have a major and positive impact on them.

As I say, the tourism industry knows it did not

get everything it wants, but the word we keep getting is it feels it has been treated fairly, recognizing these are tough economic times.

The member also raised a question about the "We treat you royally" slogan. He pointed out that it was successful in helping to train employees of tourism establishments. Courses are still provided on a demand basis. I should indicate that the level of satisfaction with the service required by tourists, as reflected in my personal correspondence, is at a very satisfactory level.

We are happy to receive letters and communications constantly from the travelling public. They do not hesitate to write the minister when they are dissatisfied with something they find while on their trips, whether it is an untidy and messy restroom, a bad meal, a discourteous waitress or whatever. I do get letters and I have insisted that, whenever any of these letters come to the ministry, I want to read them; and I do read all of them.

I must say, in spite of the fact that there are hundreds and thousands of tourists on the road, the number of letters I get complaining about this, that or the next thing is really not that great. In fact, I guess it would almost balance out with the letters we get that are complimentary about something—

Mr. Stokes: Come on. How many letters of complaint do you send out as a result of unfortunate experiences? People normally do not write.

Hon. Mr. Baetz: I am saying people write to me complaining when something goes wrong, but normally the travelling public, if they have good experiences, do not decide to write the minister letters when they get back home to say, "Wasn't that a wonderful trip?" One never hears from them. One is more likely to hear from someone who has had a bad experience than from someone who has had a very good vacation. I think that is just human nature. We do not tend to thank anybody if everything has been fine.

Mr. Stokes: I always try to. Don't you?

Hon. Mr. Baetz: Well, according to Holy Writ, of those who were helped I think one said "Thank you" and nine did not. I think that is human nature. It is the same today as it was then. People do not tend to sit down and write a minister or their MPP for a good thing that has happened to them, but you do hear from them when things go wrong.

Mr. Stokes: Oh ye of little faith.

Mr. Eakins: I think it works the other way too. I agree with the minister that often we are not complimentary. But there are also many times when the service is not that good, or just generally—and I speak of taxi drivers or even when buying tokens from the Toronto Transit Commission—where there is often no reaction or feeling of being welcome, and people still do not mention that. It is a two-way street.

When I mentioned it—and I think the member for Lake Nipigon (Mr. Stokes) mentioned it—it was just that this is an area where that program should be upgraded continually so we just do not take these services for granted. All you have to do whenever you go into an establishment is watch the way people operate. As I used to tell the minister's predecessor, leave your chauffeured car at home, take a cab and just see what your reaction is. Just get in and sit down.

Hon. Mr. Baetz: I certainly have no argument with the observation that it is so important to smile—

Mr. Eakins: They may not complain, but they are not happy either.

Hon. Mr. Baetz: That may well be. But what I am saying here is that we do not get a flood of letters from the travelling public saying they were treated badly or that this was wrong or that was wrong. I am not arguing with the fact that there are many instances where a smile or an attitude of wanting to help or serve is simply not there when it very well should be there. My point here is that we do not get a deluge of letters from the travelling public saying that things were terrible. We get some, yes.

Mr. Eakins: But the ministry will not be dropping the program; it will be upgrading it, I hope.

Hon. Mr. Baetz: Oh, yes. This is certainly something we should be working on constantly.

On another point, the status of the Canadian National Exhibition feasibility study was raised. I wish to report the following.

A trilevel government task force was established in 1981, with the province, the city of Toronto and Metro Toronto represented. Earlier this summer, a major study was commissioned to look at the feasibility of both a covered stadium and an international trade centre. Mr. John Laschinger, my assistant deputy minister, who is here tonight, was appointed chairman of the working committee. The consultants are expected to report on the feasibility study during January 1983.

The members of the policy committee are Mr. Everett Biggs, Mayor Art Eggleton and Metro Chairman Paul Godfrey. I will be meeting with the consultants shortly to get a first-hand status report on their thinking to date. When I say "shortly," I mean that we expect to hear from them within the next several weeks.

A question was also raised on farm vacations promotion. My tourism marketing branch has been working with the Ontario Vacation Farm Association through the Ministry of Agriculture and Food for a number of years, and since 1981 we have included a listing of the member farms in my ministry's accommodations publication. I understand from the Ontario Vacation Farm Association that this has proved to be most successful in promoting directly to consumers the farm vacation experience.

This year, for the first time, in our winter book publication we have made reference to the fact that some member farms offer their hospitality throughout the winter season. I agree with the member entirely that farm vacations are becoming increasingly popular. We have constant inquiries about them both from farmers who would like to offer accommodation and from the travelling public itself.

9:30 p.m.

Mr. Andrewes: Oh. I thought it was vacations for farmers.

Hon. Mr. Baetz: It is not vacations for farmers, no.

I think the travelling public is really beginning to recognize the wonderful recreational possibility in living on a farm for a week, a weekend or a couple of weeks. It is something that I suspect a lot of people, especially from the urban areas, will be taking advantage of, perhaps especially during our period of recession. It is certainly something we are keeping a very close eye on.

In April, a travel news release was distributed, and many newspapers printed the article. My communications branch is in the process of developing a similar article for the winter.

The ministry will continue to work with both the Ministry of Agriculture and Food and the Ontario Vacation Farm Association to promote farm vacations. So we certainly recognize that the member has touched on a very important and, we think, growing sector of the tourism industry.

Mr. G. I. Miller: Mr. Chairman, can I interject here? We were down to Prince Edward Island only a week or so ago, and they had a

booklet out with a list of people who provided bed and breakfast or a week's holiday. It was available through their tourist information centre. It might be interesting for this ministry to take a look at it, see how they established it and maybe pattern something after it.

Hon. Mr. Baetz: Yes, we will do that.

Mr. G. I. Miller: We just happened to pick one up in Prince Edward Island.

Hon. Mr. Baetz: I was also interested to note the member's comments on the municipal awareness program. I do appreciate his support on that program. I am hopeful that in the next few months, as we make presentations across the province, we will see some significant changes in the awareness of the value of tourism by local councils.

I think we are on to something here that is very vital, very important. I think all of us around this table, and particularly those of us who are converts to tourism and recognize the value of tourism as a major industry, realize we are going to have to get a wider circle of converts to this recognition. Certainly the municipal councils are a primary target for us, and, as I indicated in my opening statement, we are certainly going to be working very aggressively in getting this municipal awareness program through to the—

Mr. Eakins: This is the first time there has really been any accent on municipal awareness.

Hon. Mr. Baetz: It is certainly the first time we are approaching it in a very systematic, highly organized way. As I say, I appreciate the support the member has given to this program.

The member asked about the Haliburton Canoe Museum and the marketing support we have provided for this attraction. The Kanawa International Museum of Canoes, Kayaks and Rowing Craft is featured in our flagship publication, the Traveller's Encyclopaedia of Ontario. As he knows, some 660,000 copies of the Traveller's Encyclopaedia will be distributed this year; so it is featured in there. Because of the very substantial distribution of the encyclopaedia, we are getting the message out that the Kanawa International Museum of Canoes, Kayaks and Rowing Craft is there.

This museum was also featured in the eight million copies of our newspaper ad. It was roto-inserted and distributed throughout Ontario and in 12 key United States markets. We certainly are doing our best to get that museum before the eyes of the potential travelling public.

Mr. Eakins: We just want to make sure that it remains in Haliburton and that there is no move to remove it to some other section of the province. As I mentioned, we are just shifting from one tourism area to another. I think it is a natural, being in Haliburton.

Hon. Mr. Baetz: I might also say that the Canadian Institute of Travel Counsellors' directory contains reference to this museum. This publication is utilized by the ministry travel counsellors, by travel information centres and by auto clubs.

To go back to the member's point about where it should stay, as he knows, it falls within the mandate of the new Ministry of Citizenship and Culture, which are responsible for museums. We understand a feasibility study is currently being conducted by that ministry to review the whole question of where it should be located, including management, ownership and funding of facilities.

As the member knows only too well, a lot of discussions and meetings have taken place to try to sort out who owns it now, who should own it, what the funding pattern should be and whether it should be private, public and so on. I am sure that if he will keep in touch with the Ministry of Citizenship and Culture, they will be able to keep him up to date on what considerations are being made as to the future site.

Mr. Eakins: I just want to point out that in this case there is a very fine line between its being a tourist attraction as well as a museum under the Ministry of Citizenship and Culture. While I can appreciate museums as such, it is still a great tourist attraction. If there have been problems in the past—I realize there is private ownership there—I hope this ministry would not participate in moving an attraction from one area to another.

The Haliburton highlands is one of the great areas of tourism in this province, especially since the various government ministries have been a part of creating another worldwide facility in the Minden water preserve where they have held not only the Canadian games but also the Pan American Games championships. I think one complements the other.

I think it would be a tragedy if this study were to show that it should go to a city just because there is a university there. I think the place for a museum with kayaks is in the area where it is at present.

Hon. Mr. Baetz: The member's remarks yesterday did not go unnoticed by me.

Mr. Eakins: I appreciate that.

Hon. Mr. Baetz: I think the member has made a good, strong point for the museum's staying in that general area. But this is really a subject for the Ministry of Citizenship and Culture. I assume that the member also will be making exactly that point to the Ministry of Citizenship and Culture when it begins to look at the whole question of where it should be located.

Mr. Eakins: I have and I will.

Hon. Mr. Baetz: While the member has refrained from mentioning the name of the city where he thinks it may be going, I know where it is and it has a university, but I am with him from a tourism point of view. I think it would be a natural complement to the other activities, the whitewater kayaking and so on, to remain in that area. However, I think the member will have to direct his future comments on this subject to the Ministry of Citizenship and Culture.

A question was also raised on the status of federal-provincial agreements and what will replace the Department of Regional Economic Expansion now that the federal government has reorganized. As the member knows, our province has signed two such agreements, the eastern Ontario subsidiary agreement and the northern Ontario rural development agreement referred to in my earlier statement.

9:40 p.m.

It is our understanding that the Department of Regional Economic Expansion will take on the responsibility for current federal-provincial agreements. Certainly, in the whole area of federal-provincial agreements, we see there is a place and a need in the tourism sector for the two governments to work together to provide the most effective assistance to that sector.

There was also a question raised yesterday regarding what was meant by a "soft loan." I am pleased that you raised the question because now I have the answer. Now we will all know what a soft loan is. The definition is, any loan given with a concession attached to it. In this case, we discussed the Prudhomme loan yesterday. The Prudhomme loan was given interest-free for six years and, therefore, is referred to as a soft loan.

Mr. Wildman: Do most of those loans come in blue envelopes?

Hon. Mr. Baetz: No, if you look at the long list of tourism operators and owners who have

received these soft loans or hard loans, you will find that colour does not mean a thing. The member sitting next to you may not—in looking through the list I see that in Nipigon riding there is a long list of soft loans, hard loans and all kinds of loans.

Mr. Wildman: That is a big riding.

Hon. Mr. Baetz: It is a big riding, but to tourism it is an extremely important riding.

Mr. Stokes: I was not nearly as impressed as you were by the list. I have it right here.

Hon. Mr. Baetz: My goodness, it certainly has to be one of the longest lists of any that I have seen. Why not? It is a very fine tourism riding.

Mr. Stokes: I see one here for Esnagami Lodge at Nakina. It is a tourist camp and has a loan for \$50,000 at 14.5 per cent. That is not very soft.

Hon. Mr. Baetz: It is not bad, depending on what the interest rates were at the time.

The member also asked how I was going to improve our marketing thrusts, and what imprint I would try to make on our future tourism promotion. I would like to state that it is my intention to remain with the "Ontario—yours to discover!" campaign. According to that unscientific survey made by the Globe and Mail yesterday, my first, best and most important argument would have to be right within the Legislature itself.

Mr. Wildman: Mr. Chairman, I want the minister to realize that during that unscientific poll I was informed by the reporter that I was the first member of the Legislature he had run into who knew about the slogan.

Hon. Mr. Baetz: Is that right?

Mr. Kolyn: I was not polled.

Hon. Mr. Baetz: There were some very distinguished members of the House, including some in your party and in the Liberal Party, perhaps even including your leader, who were reputed not to have known about it.

Mr. Stokes: I think if you go back and check Hansard, you will see that most of them who speak in the Legislature have referred to it in some way or another. It may have been in a derogatory way, but most of them knew about it.

Hon. Mr. Baetz: They knew about it, yes, and they are all very proud of it. They know it is effective. Even the Globe and Mail admitted the poll was highly unscientific. They may have asked two people. They did not ask Al, did they?

Mr. Kolyn: No, and I am always here to answer.

Hon. Mr. Baetz: But we certainly have every intention to continue with this slogan of "Ontario—yours to discover!" We think it is a very good campaign slogan. Obviously we are not going to stay pat on it. We are going to continue to look at new and better ways to develop the theme.

We now have a significant investment in this program. As I said yesterday, and in spite of the unscientific survey by the Globe and Mail, we think it is a very successful one. We are going to continue to research our market and client groups and we will continue to fine tune the implementation of our program. As we move forward, we will certainly evaluate our priorities, make adjustments where necessary and continue to look for fresh ways to present the "Ontario—yours to discover!" campaign.

For example, this past year our marketing plan was refined through the use of a new format for our newspaper ads, the introduction of a series of one-third page national magazine ads and ads promoting the currency exchange rate in US markets, a new campaign for the Quebec French market and a more tightly defined market list. There are a number of examples as to how we hope to fine tune the campaign, but the campaign will continue to be around the slogan of "Ontario—yours to discover!"

We also hired a professional public relations consultant to assist our marketing endeavours in the UK market. For 1983, we will introduce our award winning television campaign into the UK market. Our successful 48-page winter insert will appear in two key US markets for the first time and our television campaign will be extended to support the fall shoulder season.

Mr. Stokes: Don Jamieson will help you with that.

Hon. Mr. Baetz: We hope so.

Mr. Eakins: Fresh blood over there.

Mr. Williams: You mentioned two US markets.

Hon. Mr. Baetz: Two key US markets for the first time; I will ask Mr. Laschinger, the assistant deputy minister—is he not here?

Mr. Sharpe: I understand they are Detroit and Buffalo.

Hon. Mr. Baetz: Detroit and Buffalo.

Mr. Williams: Are they new ones? I thought they were the very first ones we approached

some time ago when the program got under way.

Hon. Mr. Baetz: Mr. Chairman, while Mr. Laschinger is on the phone, maybe I could ask Mr. Sharpe if he would—

Mr. Williams: If I understand the minister correctly, while he is coming in—

The Vice-Chairman: Mr. Laschinger could come and sit at the table.

Mr. Williams: While he is coming forward and getting his notes together, as I understood it there were 12 major US cities you were putting your promotional campaign into last year. Now you are saying there are two additional targets you have selected this year. I presume you are going back into those same 12 marketplaces plus these two new areas. Perhaps you could give us some elaboration on what they are.

Hon. Mr. Baetz: Mr. Chairman, if you would allow Mr. Laschinger to answer.

The Vice-Chairman: I would be glad to. Would you take a seat and state your name for the record?

Mr. Laschinger: John Laschinger, assistant deputy minister of tourism. The two new markets referred to are Detroit and—

Mr. Williams: New?

Mr. Laschinger: New for the winter season. We have been in them before.

Mr. Newman: Are you telling me you have been snowing us for years?

Mr. Laschinger: No, no.

Mr. Williams: I am surprised because I thought they would have been the first ones we would have gone into.

Mr. Laschinger: We have been in them in summer before, but we have never been there in winter.

Mr. Williams: I see.

Mr. Newman: They are not new then.

Mr. Laschinger: We used to spend almost all of our money, 95 per cent of it, on summer promotion. Our current budget has about 20 per cent of our marketing dollars being spent during the winter season to try to help the operators during the time the ski business, snowmobile business and other winter resort businesses are active; we have shifted a lot of our money into winter advertising.

Mr. Williams: Is your winter advertising program going into the same US cities the summer promotions went into, plus Buffalo and Detroit?

Mr. Laschinger: There are some slight differences and I do not have the details in front of me, but basically yes. Our major markets are within a 350-mile drive of the border and, depending on dollars, we go where we can with the dollars we have available to us.

9:50 p.m.

Mr. Williams: How far west in the United States do you go? Is Chicago your most westerly city?

Mr. Laschinger: Chicago we were in, yes. Every year it gets tougher because allocations do not seem to go up as fast as the rate of inflation. For instance, this year over last year we are paying on average 18 per cent more for our media. Now we think our media costs are not going to go up as much as the rate of inflation for 1983-84. However, it is a continuing fight to stay within the budget we have and to try and hit the markets, but we are in all the markets this year that we were in last year in Chicago.

Mr. Williams: To date, your marketplace has been east of the Mississippi, has it, in the United States? Or do you go out into California?

Mr. Laschinger: No, we don't, other than the work that is being done in our foreign offices. I include the Los Angeles office in our foreign offices. We have a travel counsellor there and we work with the travel trade in that market but we do not back it up with consumer advertising.

Mr. Kolyn: How is the New York market penetrated? Are we there in any big scale?

Mr. Laschinger: I wish I could say we were. I would like to go after the New York market because we have generated a—

Mr. Kolyn: I am talking about the New York City and Philadelphia areas.

Mr. Laschinger: I wish I could say we had the dollars to go into the New York City market in a big way. We have gone into upper New York state with advertising and with promotion, but to do the New York City market in a major way—and I have envisioned going into the Sunday New York Times with a big insert—could use \$1 million on one weekend. If one is going to do it, one has to go in a professional, big way. We have not done it yet. It is one of the new initiatives we had planned for this year. We asked for more money but did not get everything we asked for, which is understandable.

Mr. Kolyn: Could I ask you about one of the programs that I always thought was fairly inexpensive which was brought to mind when I was in British Columbia. My wife and I rented a car

and we drove around British Columbia. A car came by with the "Ontario—yours to discover!" sticker on it and it sort of made one feel pretty good. How do you distribute these stickers? They are a good form of advertising, relatively inexpensive. How do you distribute the stickers; or do you? Is there any secret to it?

Mr. Stokes: You just ask for one.

Mr. Kolyn: No. Do you send them out to chambers of commerce? Do you send them out to people who fix cars, to the Ontario Motor League or places like that?

Mr. Laschinger: We distribute them through the travel centres to people who ask. There is no organized plan to distribute 10 million of them. There is no massive campaign to do that. I agree that the bumper stickers or the stickers are effective and they do give you a good feeling when you are away from home. We have to make a judgement decision as to whether they are valuable in drawing someone to come to the province. Do we spend our money on that or do we spend our money on advertisement? In the marketing business, one is continually weighing alternatives and weighing the effectiveness of the dollars one spends. You have me talking about marketing now.

This year the car companies are spending more money in advertising promotion than they have spent ever in their history. They are not spending the money because they are selling cars this year, but they are advertising so they can maintain that top-of-mind awareness of their product. We face the same challenge; whether it be through bumper stickers or whether it be through advertising. Even if economic times are bad we have to continue to spend; in fact, we have to spend more money when times get bad, otherwise you just drive yourself into a never-ending circle downwards.

We have been lucky. We have been blessed with extra money when we have had a good reason to ask for it. I think we have maintained that top-of-mind awareness for the product, the province of Ontario.

Mr. Newman: If I may, Mr. Chairman, I want to ask the gentleman the extent of the funds spent in the Windsor-Detroit area to promote tourism.

Mr. Laschinger: I would have to go back and pull the media sheets and add up the dollars for you. I would be happy to do that and report back at the next meeting.

Mr. Newman: Coming from the area, let me tell you that we don't hear about it. One would

think you would key into a market of probably five million right across the river from Windsor and then go over to Sarnia into Port Huron. The potential is fantastic, especially with the number of conventions that are held in the city of Detroit, at which I cannot recall very often seeing any of your officials, although the Windsor tour office does come along occasionally and cover some of these conventions. But you have a market there and it is foolish if you are not going to tap it.

Mr. Laschinger: Our spending by market may surprise you. We spend about 41 per cent of our dollars in Ontario; that is to keep our own residents home. Our own people have a great propensity to travel, and they are very attracted to other jurisdictions, such as New York, Michigan, Florida and the Bahamas. Thus, we spend 41 per cent of our dollars right in Ontario. We spend 50 per cent of our media dollars in the United States, and we spend six per cent overseas, two per cent in Quebec and one per cent in Manitoba.

Mr. Kolyn: Would you have to spend the 41 per cent on an ongoing basis, on a yearly basis, as you were saying? You would have to keep that up to maintain the same volume; is that what you are saying?

Mr. Laschinger: Yes. This year the province of Quebec has come on in a fairly major way. They received some extra money. They looked at what was happening with the currency, the exchange north-south, and the economic condition of the northeastern United States. They realized their market was in some jeopardy, as ours was, and they decided to put a lot more media dollars into Ontario.

We have more competition in Ontario. We had a World's Fair in Knoxville, which dragged a lot of bus tour traffic out of Ontario and south. We had east-west Michigan doing major promotions this year in Ontario. It is a very competitive market. Everybody is after dollars and the jobs that go with the dollars.

For the foreseeable future, the amount we are going to have to spend will change by research. For instance, when I first came into the ministry a couple of years ago, we had as a priority the overseas market ahead of other provinces. Now, while we have shifted some of our dollars, we have shifted as a priority to other provinces, because we think we can generate that kind of traffic east-west.

The overseas market this year is still important to us, but it is declining. It is declining

because of the strengthening of the US dollar against all the foreign currencies; so it is more expensive. It is still good value, but it has become more expensive for a German or a person from England to come and take a vacation in North America. The numbers have slanted down.

Mr. Eakins: Are you zeroing in on the border markets because of the fact that this year it is expected there is going to be a decrease in visitors from the United States?

Mr. Laschinger: That is true.

Mr. Eakins: Why would that happen this year when things are very favourable dollar-wise?

10 p.m.

Mr. Laschinger: The currency is favourable, Mr. Eakins, but if you do not have a job in Detroit—

Mr. Eakins: Unemployment in the city is at 30 per cent.

Mr. Laschinger: That's right, and currency is only a small part of the cost of a vacation. There is the cost of gasoline; but more important, if you do not have a job or if you are facing a major layoff, you are not going to go too far for a vacation.

I think we have been awfully lucky this year. I have talked to our counterparts in various provinces across the country. The US traffic is down for all of us, but the important thing is that the occupancy rates that we have been able to maintain in this province were down only 3.6 per cent for the period from June to September 1982 over June to September 1981.

I talked to the people in Alberta and they estimate conservatively that they are down by 15 to 20 per cent in tourism occupancy in hotels and motels. British Columbia gives me a 10 per cent number. Nova Scotia had a good year and they think they are up a little bit. Newfoundland is off by 15 per cent. We have been doing something right because we all face the same economic conditions, yet this year I think we increased our marketing budget and we went after and reinforced the US market. In spite of the problems, we are still managing to draw and attract.

Mr. Kolyn: Just to follow up on—

The Vice-Chairman: Excuse me, Mr. Kolyn. I have allowed some latitude in this discussion. Mr. Newman has one more question, then I think we will go back to the minister and allow him to complete his remarks and answer the

questions. We can get back to this discussion at some later time.

Mr. Newman: I do not think I have to mention to the officials from your office that within one day's drive of the city of Windsor are over 50 million people; you have a tremendous potential across the river from Windsor and from Sarnia. We keep talking about this year after year. I can recall talking about this when I first walked into this building.

Somehow we are not able to wake up ministry officials as to the potential over there with the added value of their American dollars and gas not being too expensive. It may have been a little more so, but the size of the gallon compensates a bit for that. One would think you would throw in any surplus funds, if you have them, or at least a decent amount of funds to tap that market. I think our American friends would just love to come to Canada but they are not encouraged to come.

I think your ministry has to take some responsibility for the fact that they are not coming in the numbers they should be because Ontario is not being sold. I know your interest is not only selling Ontario to Canada. I would like to come along and be that nationalistic too, but when you are looking for tourist dollars, the closest place to get them is just 5,280 feet away from the city of Windsor. That is where it starts. Remember, Windsor is the biggest city in Canada south of the United States.

Mr. Williams: The opening statement would indicate the extent to which we are recognizing that big marketplace across the border. I think the minister spoke to it at some length last evening. It might be interesting to get an update on it.

Hon. Mr. Baetz: That is very true, Mr. Chairman. It is only one indicator, but indicative of the fact that the residents of Michigan are aware of Ontario as a tourism destination is the fact that 62 per cent of those Michigan residents polled did recognize the "Ontario—yours to discover!" campaign slogan. I may be slightly off on the statistic, but it was certainly very high. Was it 62 per cent?

Mr. Laschinger: It was 67 per cent.

Hon. Mr. Baetz: It was very high anyway, an encouragingly high recognition factor of our slogan. The fact is we are getting across to them that Ontario is an attractive tourist destination. One can always do more and we will always strive to do more, but I really do think we are making some real progress in selling Ontario.

This may be a minor thing, Mr. Newman, but as you know we have taken steps this past summer along with the city of Windsor and the federal government to introduce Americans coming here, as well as returning Canadians, to Ontario in a much better way than simply saying, "Welcome to Scott's Chicken Villa," or something like that. Now as they come out of the Detroit tunnel they see a great sign, "Welcome to Ontario—yours to discover! and the city of Windsor and so on.

I could not agree with you more. There is a very substantial tourism market and it is certainly one we do not leave untouched or unnurtured. We are working away at it.

Mr. Williams: The 67 per cent awareness is in your key US markets?

Hon. Mr. Baetz: Sixty-seven per cent was the statistic I used. That is a very high recognition factor. It is next to the "I love New York" slogan, which is regarded as the front runner in the United States.

Mr. Stokes: Can we get back?

The Vice-Chairman: That subject can be discussed at length under vote 2602.

Mr. Williams: Can you give Mr. Newman a complimentary copy of your opening statement?

Hon. Mr. Baetz: I am sure I have a draft.

The Vice-Chairman: Perhaps the minister could carry on with his responses.

Hon. Mr. Baetz: I have tried to touch on the major points Mr. Eakins raised in his introductory statement. Obviously, we will have a chance to come back to some of these points in greater detail when we get down to the line votes. We can continue the discussion in greater detail at that time or we can pick up on some other points I may have overlooked. I have tried to touch on and respond to the many valuable and relevant points you made in your introductory statement.

I would like to make some general comments on the statement of my critic the member for Lake Nipigon (Mr. Stokes). Again, I want to say that I appreciate his complimentary statements about the ministry, about the fact we have made some progress in the months in which we have been engaged in starting this ministry.

He made a number of comments on land use planning. Land use plans are of paramount interest to this ministry. As he has indicated, and we agree, we see our role essentially as an advocate for the tourism sector. We know there are other voices. There are other people and other enterprises that are interested in forestry

and mining resources, and they will have a voice at the decision table. But around this whole land use question we see our role as representing the tourism industry. In the few months we have been in existence, we have already made our voice heard on a number of issues. We have submitted a substantial number of comments on strategic land use plans and we are going to continue to do so.

We will support the wilderness designation only if the existing operations are allowed to continue their current activities. We are working closely with the Northern Ontario Tourist Outfitters Association and others on the land use plans and we will be at the table.

I can tell you there is nothing in the response of the Ministry of Natural Resources or the minister which would suggest to me or my ministry that we are not going to be heard or are not wanted there. We have indicated we will be there and there is no reason to think we will not be able to make our case. I think we are in full agreement as to what our role as a ministry should be.

10:10 p.m.

The member mentioned the currency exchange problems and I could not agree with him more. It is very aggravating for an American coming to Canada, knowing there is a favourable exchange rate, to be told at the place he makes his transaction, whether it is a gas pump, a store or a parking lot, that it is at par and there is no advantageous exchange rate.

The member indicated gas stations by way of example. I must admit I drive to Ottawa International Airport at our capital city and I am told at the little wicket where I pay my parking fee that there is an exchange—it used to be five per cent and is now, I think, at par; and this is the airport of the national capital. It is easy for me to say this because that is federal territory, but I really could not agree more with the member. We are terribly insensitive about this and we aggravate a lot of our tourists by blatantly cheating them, in their view. They know what the official rate is and they know that when the merchant takes the money to the bank he will get 18 or 20 per cent.

We have tried to deal with this problem in a number of ways. One is to put currency exchange facilities at some of our border crossing travel centres. We are trying to say to the tourist, "When you come here with American money, for God's sake exchange it here, where you will get a proper and decent rate of exchange."

We are encouraging our tourism field consul-

tants to check on any complaints and to talk to the operators who are misusing the system; but there will always be some people who will rip off the system, there is no question about that. However, we have the impression that the number of American tourists who are being ripped off in this way is declining. We think the trend is in the right direction now. It is obviously something we will have to keep working at.

I appreciate and I share your complimentary comments about Ontario Place. I think we all agree we have a real gem there for tourists, not only those coming in from outside Ontario but for the people of Ontario themselves. There are many wonderful things about Ontario Place.

We have had some concerns about the Ontario North Now pavilion. It is something we and the Ministry of Northern Affairs are looking at. We share your view that it needs attention and upgrading, and it is going to get it. It will be improved; there is no doubt about that. We think the Ontario North Now pavilion is a very important part of Ontario Place.

I agree that if it is there at all, if we have something that is to represent the northern Ontario of today, let us make it really worthwhile and worthy of what the north is really all about and what it looks like today. That is something we are going to be working at along with the Ministry of Northern Affairs.

I think you also mentioned the grading system. That, as you know, is a system which has been sponsored by and is being carried out through Tourism Ontario. They get some funding from us to carry this on and generally it has been very successful.

The grading system is something that the modern tourist is increasingly expecting. I guess it was all started by Michelin in Europe. Increasingly, the European and North American tourist wants to see official grading of the restaurant or hotel he is going to be visiting. So progress is being made. Obviously, it is something that the tourism industry itself is going to have to establish. It is certainly nothing for government to become involved in, apart from our funding to help Tourism Ontario do it.

Mr. Williams: You indicated in your opening statement that there are 650 tourist operators who are now graded or participating in that. What does that represent in percentages?

Hon. Mr. Baetz: I think it is about 40 per cent to 45 per cent of the total. But keep in mind this grading system was introduced only about a year and a half to two years ago.

Mr. Laschinger: This is its second year of operation.

Hon. Mr. Baetz: The second year of operation; so it is still very much under way.

Mr. Laschinger: Forty per cent of the eligible rooms in the province have been graded, so we think we have come a fair way pretty fast.

Mr. Eakins: That is the number of participants; not necessarily five stars, it could be somewhere within the grading system, whether it is one, two or three; it is a participant yardstick.

Mr. Laschinger: There are about 7,000 operations which offer rooms in the province, so the figure of 650 is obviously not 40 per cent of the 7,000, but the people we have attracted to the system, who are the larger ones, represent the 40 per cent which are now covered.

Hon. Mr. Baetz: Mr. Chairman, I think those were the main comments I was going to make. I want to emphasize that as we get into the individual votes, if there are any more specific comments or questions that committee members wish to make, I will endeavour at that time to answer in greater detail.

In a general way I must say that I appreciate and am encouraged by the support of the two critics. We are working hard to do the very best we can. I think we have made some real strides and I would like to say how very much I appreciate the valuable support given to me by the staff. I have been very fortunate in having such an effective staff to carry through the program.

The Vice-Chairman: Thank you, Mr. Minister.

On vote 2601, ministry administration program; item 1, main office:

Mr. Eakins: Mr. Minister, I wonder if under this vote you can inform us whether there has been an increase or decrease in the personnel complement under any of the various votes. Do you have that? I guess it will be somewhat difficult in view of the change in the ministry. I am thinking of the ministry as it was previously. If you can, I would appreciate your outlining any of the changes of personnel that have been made in the areas covered by the different votes.

10:20 p.m.

Could you also tell us the total number of persons working for the ministry as classified or unclassified personnel, or any other category in which remuneration is received? Does the ministry employ part-time staff? If so, how many;

and is this an increase or decrease as far as the Ministry of Tourism and Recreation is concerned over previous years? What I am asking for is a sort of general outline of the people in your ministry.

Hon. Mr. Baetz: Mr. Chairman, with your permission, I would like my deputy minister to respond in detail on that. I would simply like to make this very general statement. By and large, the only additional staff relates to the minister's office, the deputy minister's office and to a very small number of administration staff. Apart from that, our staff really have been brought in from the two other ministries, the Ministry of Industry and Tourism and the Ministry of Culture and Recreation.

I think all of us have been very pleased and satisfied with the fact that we have been able to set up a new ministry with really very little additional staff. I will ask the deputy to comment in detail as to the numbers.

Mr. Eakins: It is probably not a fair question and is perhaps a difficult one because you are starting a new ministry and there will really be no comparisons until next year. I am just wondering if you could bring us up to date on the personnel you have, the classifications and so forth.

Mr. Sloan: We can identify for you, Mr. Eakins, that currently there are 15 new additional staff in the Ministry of Tourism and Recreation. That really represents the formation of the minister's office, the deputy minister's office and our finance and administration division, which totals 15.

The ministry has a total complement of 333 staff. Up to the end of August, there were 37 unclassified staff on strength. I should point out that does not include our agencies. You saw from the organizational chart you were given with your information that it does not include the St. Lawrence Parks Commission, the St. Clair Parkway Commission, the Niagara Parks Commission, nor our Huronia historical sites, Old Fort William and Ontario Place.

The total complement for our agencies is 263. So with 263 plus 333, including our agencies, we are talking about a total permanent complement of 596.

Mr. Eakins: Do these figures include your offices overseas, including Ontario House in London, England?

Mr. Sloan: Yes. Our staff is minimal in our foreign offices. I do not have a current breakdown by office, but I could get that for you.

Mr. Laschinger: We have 12, locally engaged.

Mr. Eakins: I do not have many questions under vote 2601. I want to know about the personnel and any other information you might have that would be valuable to the committee, since this is a new ministry. Perhaps you would like to outline positions you think would be of interest to us. I do want to know the numbers employed and the classifications.

Mr. Sloan: I guess our thrust is to be lean and effective.

Mr. Eakins: Do you have many part-time staff?

Mr. Sloan: In main office?

Mr. Eakins: In your ministry generally. The personnel figures you gave us—333, 37 and 263—are full-time staff, I presume.

Mr. Sloan: Yes, sir.

Mr. Eakins: I do not think I have any other questions right now.

Mr. Stokes: I would like to ask the minister what his overall policy is with regard to merit pay. I notice this several times in the various votes, and since this is a policy matter I think it is appropriate that I ask it under vote 2601.

I wonder what your overall policy is with regard to merit pay, because it is provided for in many areas. In a previous emanation around here I noticed that on many occasions people automatically got a merit increase. It was at a time when dollars were perhaps a little easier to come by and it became the accepted practice without any question whatsoever.

I do not mind telling you that I began to question that concept. It seemed to me that everybody, regardless of what they do and whether they are in the public or private sector, should be adequately compensated for what they do and to the greatest extent possible receive whatever another person receives in another sector who is doing comparable work using comparable skill and ability. It seems to me that the concept of a merit pay increase should apply only in very special circumstances, where someone is called upon to fill the breach and provide services above and beyond the call of duty, really extra-meritorious service. Then, perhaps, there is room for providing a merit increase.

I can tell you of at least two employees—they used to work in this building but are not here any more—who actually grieved because they did not get a merit increase. In one instance, the person started to slow down to the point

of disrupting the office procedure. In the other instance, the person received a merit increase but it was not of the level that was expected. The person felt it was a right to grieve because of that.

Since I see several items here where there is a merit increase provided right within these estimates, I would like to know your philosophy of a merit increase, and under what circumstances you would authorize one.

The Vice-Chairman: I wonder whether, in view of the hour we could break and continue this discussion next Tuesday?

Mr. Stokes: Sure.

The Vice-Chairman: I have Mr. Stokes speaking now, and Mr. Kolyn and Mr. Williams to speak on item 1 under vote 2601. We shall continue next Tuesday at 8 p.m.

The committee adjourned at 10:30 p.m.

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From the Ministry of Tourism and Recreation:

Laschinger, J. G., Assistant Deputy Minister
 Sharpe, P., Director, Tourism Operations Branch



Ontario

LEGISLATIVE ASSEMBLY

No. R-27

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development

Estimates, Ministry of Tourism and Recreation



Second Session, Thirty-Second Parliament

Tuesday, November 9, 1982

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, November 9, 1982

The committee met at 8:07 p.m. in room 28.

ESTIMATES, MINISTRY OF
TOURISM AND RECREATION

(continued)

On vote 2601, ministry administration program; item 1, main office:

The Vice-Chairman: This is the continuation of the estimates for the Ministry of Tourism and Recreation. It is yours to discover, Mr. Stokes. I think you were the last one on.

Mr. Stokes: We were on the first vote, Mr. Chairman, and I asked the minister what his philosophy was and the philosophy of his ministry on merit pay.

Hon. Mr. Baetz: That is correct. As I am sure he member for Lake Nipigon knows, my philosophy and the philosophy of my ministry are the same as the philosophy of the government on merit pay. I will ask my deputy minister to respond to that.

Mr. Stokes: To explain government policy?

Hon. Mr. Baetz: No, but I think you will find it very interesting when he explains merit pay. I am not even going to start. I will allow my deputy here to begin and then we will take over from there.

Mr. Sloan: I will explain the policy of this ministry in reference to merit pay. At the outset, I would like to clarify one thing. In the briefing books that the members have, there are notes indicating where there have been increases in resource allocations and salaries and wages between the fiscal years 1981-1982 and 1982-1983. The estimates that we are now voting on. The total increases are really attributable to salary or arbitration awards only and not to merit increases. I should make that clear.

Mr. Stokes: Why do you call them merit increases? Look at page 2-4, vote 2602-1, Notes on changes in standard account totals. It says: 'A. Net salaries and wages increase of \$31,000—salary awards and merit increases.' This prevails throughout. I do not want to be picayune about it, but I want to know what the philosophy of this ministry is with regard to merit pay.

Hon. Mr. Baetz: By way of introducing the comments my deputy minister will be making, I might say the whole policy or philosophy of a merit increase is that a staff member comes in at a certain step and would normally progress automatically step by step up to the top level of his classification, I suppose you would call it, unless there is very serious question about his ability and the competence in achieving that progression. It really is an automatic progress upwards. It is stopped only if the supervisor feels that he is not progressing the way he should. It goes on automatically up to a certain level, to the top of his range, and that is it.

In other words, he does not have to fight. I think with your background, sir, you would appreciate this. They do not have to fight their way up from step to step. The onus really is on the part of the employer, i.e., the provincial government, which would have to say, "We give you good reason why you cannot move from this step to that step."

Mr. Stokes: I understand that there is a range for each classification. When you first start, you start at the bottom end of the range and, unless there is some very obvious reason why you should not progress within that range, it is automatic. I understand that. What I want to ask you specifically is, once a person achieves that level, the top level in that classification, then there is something else called a merit increase.

Hon. Mr. Baetz: No. Maybe the word merit is badly chosen in this particular instance. It is really a job step progression. Merit may be the wrong word.

Mr. Laughren: You have not been able to measure merit anyway; not just you but—

Hon. Mr. Baetz: Yes, right. It is really a job progression. A person coming in will move from one level to the next to the next, to the top, unless his supervisor is able to persuade the employee, and I suppose the board, that this person is not able to progress the way that—

Mr. Stokes: You would agree then that it is a misnomer?

Hon. Mr. Baetz: I would say merit is perhaps a

badly chosen word, yes. I think I would agree to that.

Mr. Stokes: Okay. I am satisfied with that explanation.

Hon. Mr. Baetz: Maybe job step progression. I do not know what the right word is.

Mr. Eakins: Are we still on vote 2601, Mr. Chairman?

The Vice-Chairman: We are still on 2601 as far as I am concerned. Mr. Kolyn?

Mr. Kolyn: I had my question answered last week.

Item 1 agreed to.

On item 2, information services:

Mr. Williams: A large portion of the budgetary allocation in this vote is directed to an item called services. Obviously, it is directed towards the promotion of the ministry itself, but I am wondering, given the significant allocation of about \$250,000 to that particular item, whether you could elaborate a little further and give us a better indication as to how those moneys are being expended to promote the ministry itself as I understand the meaning of services in this particular instance? How might this compare, if one can compare apples to apples, to the similar allocation in your previous ministry? It may not be able to be equated to that situation.

Hon. Mr. Baetz: The question requires a somewhat detailed answer and I will try to give it. We are dealing with the \$250,000 item under 2601-2, ministry administration program, information services. The total line in the estimates of \$834,100, which is the bottom line here for the information services, covers two functions: one, the communications branch, which is responsible for the provision of services to the ministry, such as speech writing, editorial production, news releases and—

Mr. Stokes: Do you mean you actually pay for those things?

Mr. Williams: The opening statement I had was all handwritten.

Hon. Mr. Baetz: We try to improve on it sometimes but we do get the basic materials there. Anyway, we do pay for some speech writing, editorial production, news releases and the Visit Ontario program. That has a total budget of \$364,100. The advertising and promotion services group is responsible for administration of the government-wide advertising agency of record and the government information and communications program with a total budget of

\$488,000. These two items make up a total budget of \$834,100.

Perhaps I could just go back to the communications branch for a moment and spell that out as part of the breakdown. Salaries, wages and benefits amount to \$271,400. They include eight classified positions. The transportation and communications line is for \$8,000, service for \$51,000 and supplies for \$16,000. The under the advertising and promotion service group, salaries, wages and benefits are \$263,000 with nine classified positions. Transportation and communications within that is \$13,000 services, \$204,000; and supplies, \$8,000.

The total services line of \$255,000 which we see here under 2601-2, is split between the two branches in the following manner: The communications branch at \$51,000 provides editorial support for newsletters, travel brochures and news releases as well as for rental of office equipment, insurance and seminars. The advertising and promotion services budget at \$204,000 includes \$131,000 for the government information and communications program and the remainder of the funds is spent for administrative support.

Funding of the two branches comes from the following sources. For the advertising and the promotion services group, the entire \$488,000 was transferred from the former Ministry of Industry and Tourism; and for the communications branch, \$54,000 was transferred from the former Ministry of Culture and Recreation and \$98,000 from Industry and Tourism. An additional \$194,000 in new funding was allocated to the branch to enable it to fulfil its role in providing support services to the new ministry. That is the breakdown of the \$255,000 and the \$834,000.

Mr. Williams: Would this booklet be part of that type of thing or does that come under your tourism marketing?

Hon. Mr. Baetz: It is under tourism marketing.

Mr. Williams: So the advertising and promotion services you are talking about are really put a face on the ministry itself. That is really an in-house type of promotional activity rather than—

Hon. Mr. Baetz: No, that is the government—

Mr. Riddell: It is called government propaganda.

Mr. Sloan: As Mr. Baetz indicated, there is \$131,000 in that vote dealing with the government information and communications program.

our share of that. That is really our advertising in the ethnic, rural and suburban press.

Mr. Williams: How extensive is that particular advertising? Is that primarily for the Metropolitan Toronto marketplace?

Hon. Mr. Baetz: On the contrary, that is for weeklies, small newspapers, ethnic press.

Mr. Eakins: Do you look after it on behalf of the ministries here?

Hon. Mr. Baetz: The \$131,000 represents this ministry's part of that overall program. The overall program is larger than that. It is \$1.6 million for all ministries, but the Ministry of Tourism and Recreation amounts to \$131,000.

The Vice-Chairman: Mr. Williams, are you finished?

Mr. Williams: Yes, I am.

20 p.m.

The Vice-Chairman: Did you get your question answered?

Mr. Williams: I want to speak on vote 2602.

The Vice-Chairman: Are there any further questions on this vote?

Vote 2601 agreed to.

On vote 2602, tourism development program; Item 1, program administration:

Mr. Eakins: I wanted to speak generally for a minute on this vote.

I wonder if you would have any comments at this time on the analysis of the report of the Organization for Economic Co-operation and Development on tourism. It is called Ontario Tourism, Development and Marketing: New Directions. I believe it contains a number of observations and recommendations in areas such as potential markets and the targeting of advertising efforts that are similar to suggestions we have made over a number years. Could you tell us what particular actions have been taken by your ministry in response to this report?

Hon. Mr. Baetz: I would like to call on our assistant deputy minister for tourism to make some comments on that. I see he is walking this way. This is Mr. Laschinger.

Mr. Eakins: The report referred to how you could look for more effective means of attracting tourists and provided some ideas on new events, activities and approaches which you might consider for the province's marketing and promotion efforts.

You brought this to our attention, Mr. Minister, last April, and I was wondering if you might

give us something firm as to what has happened since that letter and since that report has come out. Has your ministry taken some action as a result of that. What would that be?

Mr. Laschinger: Mr. Eakins, might I preface, or position that study done for our division just about a year ago? We had asked a small company to take a look at an OECD paper that was reporting on the world trends in 1981. It was reporting on things that seemed to be working in tourism in certain countries across the world. The report was subsequently made public. It was not a look at our existing program. The author made some offhand comments in it that suggested we should be looking for new, innovative ways to sell tourism and to sell Ontario because of the increased competitiveness in the world.

We know we are under more competition, but not directly because of that study. The province of Quebec increased its budget in Ontario substantially this past year. The state of Michigan did the same just to attract our residents, who are very travel-minded anyway, to leave the province and spend their vacation dollars elsewhere.

As a result of part of that, an extra \$2.5 million was put into the marketing end. In terms of tourism development dollars in this province, we have continued over the last three years—I do not have the exact figures in front of me—to improve the plant and have a competitive product to offer both nonresidents and residents. My recollection is that the government's participation has been averaging about \$90 million a year in the development of tourism plant.

Maybe that is a longer answer than you wanted. We are continuing to be responsive to the competitive thrust. We think the record this year stands for itself in that we have maintained almost all of our business. When I talk to other provinces, they have not been as successful, yet they have faced—perhaps not as severe as ours—the same economic pressures. Some of our neighbours in the US, such as Michigan, have had some fairly severe economic problems, and that is bound to have had an impact on our traditional market.

Mr. Eakins: Do you have a master plan developed that you could present to us as to the future of tourism in this province, something which you can show us that outlines a joint venture between the ministry and the public? Do you have some new ideas in the area of working together with the public?

I am thinking in terms of trying to attract people from overseas. I believe a new venture was started by some of the campgrounds this year to attract people from some of the European countries. The camping experience was all set up for them. Rather than bringing their gear, they just moved right in and everything was supplied. I think the principle is good. I am not sure how successful it was this summer, but I know it was initiated and perhaps it will get better year after year.

Perhaps you could enlarge on what your plans are in this regard and what some of the ministry and public co-operation ventures might be. I think that is important.

Mr. Laschinger: Could I make one comment on the camping? I know people are looking for value and for different cheaper ways of enjoying a vacation—

Mr. Eakins: But it is also part of the tourism experience for people who want to enjoy campgrounds. They really do not want to live in other types of accommodations, just as there are people who would prefer a two-star hotel over a five-star hotel. That is what they are looking for.

Mr. Laschinger: I would make the observation that if we only attracted the people who want to go to campgrounds, we would have a lot of unemployment in this province. It is necessary for us to attract people to all spectra of our tourism product. The campground is the low end of the spectrum in terms of return on investment, dollars generated and jobs created in this province. It is still important and we have to offer it, but the value added is not as significant as other types of packages.

In terms of our master plan, in 1975—before my time in the ministry—the ministry commissioned a tourism development strategy, which identified 17 zones in this province. This was a development strategy, not a marketing one. We do a marketing strategy on a year-by-year basis. One was distributed to you. We involve the industry with the development of that and with the follow-up to that plan. On the development side, we developed 17 zones, including the Peterborough-Haliburton area, and then commenced a set of zone studies.

Mr. Eakins: Is that 17 areas or 12?

Mr. Laschinger: We identified 17 areas and we did the first five, so we have 12 left to do.

Mr. Eakins: I know what you mean.

Mr. Laschinger: When I became the assistant deputy minister, with the concurrence of the then Minister of Industry and Tourism I said last

fall, "Enough is enough. I do not know whether these voluminous zone documents are really achieving."

Mr. Eakins: So you are reassessing them yourselves?

Mr. Laschinger: We looked at it and we found people did not know where these studies were coming from because there was no local input and no local involvement in terms of money. Some people were saying, "Where did this thing come from? I did not ask for it and I did not help pay for it, so maybe I will ignore it." That was the bad side. On the good side, some development did occur. Some people did use the documents; developers used them to generate new ideas and to develop new products in the areas studies were done.

We decided we could refine our approach. For the past four or five months we have said we will co-sponsor and co-operate on the cost if the local municipality or community is interested in a study of the inventory in an area and of the potential for an area. We just announced today that we will be looking at the specific area of Sudbury.

8:30 p.m.

Mr. Eakins: So we will be receiving something fairly soon with regard to the results of the total package of studies of which the Haliburton-Peterborough one was the last?

Mr. Laschinger: It was the fifth of the series of five. To go back to a master plan—just for second, if I could finish the question—on the financing area, we have also undertaken a look at the financial mechanisms that we have as a province. We had been using the tourism development incentive program and the tourism development program and the minister had asked for an evaluation of the existing mechanisms to see if they were up to date and if they were doing the job they should be doing.

A task force, which included some representation from the private sector through Tourism Ontario, has met. They have presented me with some recommendations and I am about to take those recommendations to the minister in terms of what we do with those mechanisms—whether ones we leave in place, which ones we enhance or tone down or beef up in terms of funding.

I do not have a master plan on one piece of paper. I have a development strategy and I have a marketing strategy. Our next project is to put together a master plan. It is not a rigid master plan, but at least it is a document which gives u

framework for some guidelines for tourism development for the rest of this decade.

Mr. Eakins: Occasionally members have been receiving information from the group known as the Kurland Development Corporation and it is called a great plan for tourism for Ontario called Utopia.

Do you have any comment? Have you met with this gentleman or can you bring us up to date on some of their tourism plans?

Mr. Laschinger: I understand the fellow who is spearheading this works full-time as an Air Canada pilot.

Mr. Eakins: That is right.

Mr. Laschinger: I have a difficult time, not in responding directly to the question, but the amount of effort and time that my staff have spent over the last three years in dealing with this man—

Mr. Laughren: He is a good pilot. He can do a lot for Air Canada.

Mr. Eakins: I was just asking you for a comment on it.

Mr. Laschinger: He has very grandiose ideas. He wants to build a city of several hundreds of thousands of people, and yet he has no equity. He has a dream and he has no money. The government's position—at least the directions I have been given—is that—

Mr. Sweeney: It sounds familiar. Did they not call it the Board of Industrial Leadership and Development in 1981?

Mr. Laschinger: The government's position—the direction I have been given—is that when we look at a tourism development proposal we look at the private sector participation as a stimulus test.

Mr. Stokes: Like Minaki Lodge.

Mr. Laughren: He is speechless.

Mr. Laschinger: No. I am the vice-chairman of Minaki Lodge, sir, and I am proud to serve as president.

Mr. Stokes: You are proud to have an idea.

Mr. Laschinger: I did not have the idea, but I think it will be one of the first-class attractions this province will have.

Mr. Riddell: Does it have bedrooms in it?

Mr. Laschinger: Our philosophy has been wherever we can put a little bit of money in to leverage out some significant private sector development in equity, then we will do that. I just have a difficult time leveraging anything with this project Utopia because there is nothing

there to lever. At this point, we are not interested until the private sector shows some financial and tangible interest, which is what the engine of free enterprise is—

Mr. Eakins: I will move to another area I had talked about earlier in my opening remarks.

Surely there must be some definite plan for better information centres across this province and along our major routes. Can you tell us, to date, what you have planned?

I know that you have had a couple of openings here and there, but in order to provide the province with good, all-inclusive information centres, how many do you have upcoming? Without infringing on private business, what about rest areas with appropriate restrooms, something to make us feel proud of tourism in Ontario? My colleague Mr. Stokes referred to these and I agree with his comments.

Mr. Laschinger: Today we have 41 tourism information centres in the province.

Mr. Eakins: Full-time?

Mr. Laschinger: A combination of full-time and part-time. In fact, the majority of those are staffed part-time with seasonal people, Experience '82 people, etc.

We have three new ones in various stages of construction or planning or as ideas. The one in Fort Frances is ready to be opened very shortly, in either December or January. It is almost ready to be used now. There is one in St. Catharines, to take advantage of a highway situation, and money has been requested for one in Kenora, because a bypass is to be built around Kenora within the next few years. If they build the bypass, the existing building we have will be of minimal use.

We opened one this past summer at Ontario Place and the summer before we opened one at Canada's Wonderland.

My estimate is that this year we will respond to 1,250,000 inquiries, either face-to-face through those travel information centres or over a telephone. I wish we had more staff and could make more of these centres operate on a year-around basis. I wish we had more money to build some others, but we get caught up in government priorities in terms of what money is available through the Ministry of Government Services and, as I said, as of today we do not have money for the Kenora centre approved.

Mr. Eakins: The minister did refer to the airport. I am not sure what his response was. Are we going to have an up-to-date information centre at Toronto international airport?

Hon. Mr. Baetz: That is not being anticipated in the very near future, but we do have, if I might indicate this because it is relevant to the question, year-round travel information centres at Barrie, Cornwall, Fort Frances, Fort Erie, Hawkesbury, Niagara Falls, Sarnia, Sault Ste. Marie, Windsor, at the bridge and at the tunnel, and in Toronto at the Macdonald Block and at the Eaton Centre.

Mr. Eakins: If I was a tourist coming into Toronto, how would I know there is one in the Macdonald Block?

Hon. Mr. Baetz: Every bit of tourism information would tell you that one is there. Perhaps the deputy minister would care to respond to that in more detail.

Mr. Sweeney: They are wondering too.

Mr. Eakins: There are people in this room tonight who could not find the one in the Macdonald Block.

Mr. Laschinger: They could find it if they went and got their vehicle licences at the end of each year, sir.

Mr. Eakins: But for the man walking along the street there is really nothing along the street to make him feel that tourism information is available, that these are province of Ontario buildings with information inside. I see no sign outside. There are no flags flying saying, "Tourism Information." Why not?

Mr. Laschinger: The room is adequately signed, I believe, but we could get a lot of traffic through it.

Mr. Eakins: Once you get inside and see the sign on the door, but—

Mr. Stokes: You do not get nearly as much traffic at the Macdonald Block as you do right here in this building. All you have to do is ask your tour guides. Thousands of people have come into this building.

8:40 p.m.

We had a thing going with your predecessor, Larry Grossman, that we were willing to make that foyer out there the showpiece for the responsibility your ministry has for promoting tourism. The number of people who come through this building, looking for something to do, far exceeds the numbers looking for a licence in the Macdonald Block.

You have the best of all possible locations right out there. You have a multi-million dollar building here. Why do you not use this main foyer as one of your little showpieces? There are a few little things behind the counter there, but

anyone is intimidated and would not dare to go behind there. Why do you not promote this place?

Hon. Mr. Baetz: Mr. Chairman, those remarks having been made by the former Speaker of the House, I respect them very much.

Mr. Stokes: I tried to promote it and Larry Grossman thought it was a heck of a good idea.

Hon. Mr. Baetz: So do I. Let us see what we can do about that.

Mr. Eakins: I mentioned also about the highway signing. There is really nothing to make you feel on fire in Ontario about tourism because there is nothing connected with the highway sign to make you feel that you are really heading anywhere.

What I am hoping perhaps more than anything during your reign as minister is that we can break down this feeling that when we talk about highway signing we say, "That is the Ministry of Transportation and Communications; we can not do anything about that." I think we can. I think that has to be broken through. If we do nothing else during the start of your ministry I should be to break down the feeling that there is another ministry involved and we really cannot get involved. I think we can and I think the solution could be very simple.

I am glad to hear Mr. Stokes' comments. In some of these areas, why can't we have some identification of tourism, an appropriate sign with some flags flying, to make you feel you are welcome and it is good to see you? We just do not have that. That is tied in with the barriers of the various ministries; at the information centres and the rest centres, there has to be a feeling that we are on fire for tourism. That is one thing which is really missing in this province.

Those are some of the things I wanted to highlight, but I do not want to monopolize the time.

Mr. Laschinger: May I make a comment? Over the last two or three years that I have been close to the old Ministry of Industry and Tourism, I have watched what tourism people were doing. We have been adequately reaching out more and more, recognizing that we have an advocate role, that the activities of other ministries can impact on the tourism clients.

I received this this afternoon. This will not mean a lot to many of you. They were working very hard at the time.

Mr. Stokes: That is the picture of the three dogs.

Mr. Laschinger: No, it is not a picture of three eggs, Mr. Stokes. It is a picture of the Minister of Natural Resources (Mr. Pope) and the Minister of Tourism and Recreation—

Mr. Stokes: Coming out of the closet.

Mr. Laschinger:—up at the Albany River Interjections.

Mr. Laschinger: I show this as a symbol that represents the communication breakthrough we have had, I believe, with the Ministry of Natural Resources.

Mr. Eakins: I only hope it continues. There is one thing I want to bring to your attention. Should all the tourism information of this province not be available wherever one goes in the province?

Mr. Laschinger: It should be, but there is a cost—

Mr. Eakins: I am thinking of what happens in northern Ontario. Should you not be able to get that information at Queen's Park?

Mr. Laschinger: The answer in an ideal world, obviously yes, but when you deal with the restraints, cutbacks and the priorities that government has today and has agreed to—

Mr. Eakins: This is very simple. I just want to bring this to your attention for a moment, Mr. Minister.

Are you aware of a Mr. Sinclair, who is an independent film producer? He produced films on fishing, canoeing, etc., which have been shown on the CBC, CTV, Global and other stations.

One was a series which ran last winter, Big Northern Pike. It was filmed at the fishing camp of a Cree Indian, Mr. Techu, at Lake Kasagiminnis, 50 miles west of Moose Factory. Mr. Sinclair said that Mr. Techu ran one of the leanest, finest fishing camps in North America. He had been in business for seven or eight years and received funding from the federal ministry.

According to Mr. Sinclair, many people have called the Ontario Ministry of Tourism and Recreation to find out more about the camp and have been told there is no such camp and that they had never heard of it. They have, in turn, contacted Mr. Sinclair, who is the producer of the show, and also the federal ministry.

Mr. Sinclair called the ministry at Queen's Park to find out what the problem was. They were told that they do not have the information on fishing camps in Toronto; that information is all in Timmins. Is that true?

Mr. Laschinger: I do not know what number they have been calling.

Mr. Eakins: Why was he told that? As a result, this camp operator estimates he has lost \$3,000 to \$4,000 from people who saw this film and wanted to go there but they could not get the information. Something is wrong.

Mr. Laschinger: It is a continuing battle of trying to get information. We send out 7,000 tourism licences a year and we ask for information. For all of our publications, we have to rely on the private sector to give us the information they want us to provide over the phone.

As I say, we handle 1,250,000 inquiries a year. We think we do a pretty fair job at it. My director of tourism operations, Peter Sharpe, has just passed me a note that says, "Once we became aware of Mr. Sinclair's call, we made sure that the travel counsellors were given the information." We have an 800 number that people can phone in on and ask any questions.

Mr. Eakins: But if there is an inquiry—I am just using fishing camps as an example—the answer should be available in Toronto, should it not?

Mr. Laschinger: It is available in Toronto. We use a centralized phone system for the whole province. In fact, in the United States and all across Ontario there is an 800 Zenith line one can call. It is a central information bank. If we do not have the information there, we do not have it. As I say, sometimes it is a continuing battle to keep up to date.

Mr. Eakins: There are one or two short questions I want to ask and I will pass it on to someone else.

Do you see any expanding role for the Bark Lake leadership camp? Of course, many in this room have never even heard of it. I think it is doing a good job. It is a leadership camp under your ministry. Do you anticipate expanding that leadership role, or what plans do you have for it?

Hon. Mr. Baetz: Bark Lake comes under the recreational part of the ministry and we will be getting to that item next week, or it might be later on tonight.

Mr. Eakins: Some reference was made to Minaki. I want to ask you first is Ogoki Lodge a part of your operation? It is for native management training. It comes under one of the other ministries.

Mr. Laschinger: As I understand it it is being run by a private sector person on a long lease. It is a 20-year lease, if I am not mistaken. I am

pleased with the role our manager in Thunder Bay had in this thing because he was the one who had it revived. It was a personal tourism project and he was able to get this other ministry to consider a long-term lease run by the private sector, so the first year of operation was this very summer.

Mr. Stokes: That is right. We did not have to go to the United States to get someone to run it either. We did not have to get Radisson. We got two brothers from Pickle Lake, in my riding.

Mr. Eakins: I am glad it is getting under way because I know the problems you had originally.

Would you bring us up to date on Minaki? We speak of Minaki, but it is really not the same lodge as we spoke of originally. You have almost created a complete new development there because you have built a modern highway to it. You have added considerably to it in the large number of bedrooms and other facilities. It carries the same name as Minaki, but it is really not the same Minaki we have known over the years.

In order to protect that \$500,000, something like \$20 million to \$25 million have been spent to upgrade that resort. Really, it is a new development. Would you not agree?

Mr. Sweeney: That is what they call leverage.

Hon. Mr. Baetz: Very much so, Mr. Chairman.

Mr. Sweeney: From \$500,000 to \$25 million.

Hon. Mr. Baetz: It has enormous potential there and it is really very different. With your permission, Mr. Chairman and members of the committee, I would like to ask Mr. Boyer, who is the ministry official—

Mr. Eakins: Is Fred the resident operator there?

Hon. Mr. Baetz: No, he is not the present operator.

Mr. Eakins: I said resident operator.
8:50 p.m.

Hon. Mr. Baetz: I know he is very anxious to bring this committee up to date on all the very encouraging developments that have taken place at Minaki.

Before going on with Minaki, I might just make one or two very quick comments on some of the subjects that have been touched on.

I would like to go back to the comments of the member for Lake Nipigon about the possibility of a better information centre on Ontario right here at Queen's Park. I really did not hear that proposal until tonight, but I must say that my

immediate reaction to it was that it makes a lot of sense.

I am particularly encouraged that the former very distinguished Speaker of the House should have made the proposal because he knows as well as we do the Speaker is Mr. Big around this Legislature, and ministers really are much guided by the wishes of the Speaker.

If the former distinguished Speaker of the House—

Mr. Laughren: You never told him that when he was Speaker, though.

Hon. Mr. Baetz: Sure we did. We appreciated him very much.

If the former Speaker of the House thinks this makes a lot of sense, then I must say I will very seriously look at this as a real possibility. As I say, having not heard about this proposal before I don't know what advantages, disadvantages or roadblocks there may be. There may be some I don't know about.

Certainly on the surface it really sounds like a first-class idea and it is one I will pursue. The very fact that you have suggested it, sir, adds some real respectability to the idea.

Mr. Stokes: To tell you how far we had gone with it, we set up the new office of public and parliamentary relations. The excellent tour guides here felt they weren't being used to their best advantage. They felt they could provide a much better service than just handling a bunch of school children whenever they happened to be in here. We were losing some good people simply because we weren't challenging them.

We sent them to the Ministry of Industry and Tourism and they took a three- or four-day course to see what people do in information centres so they could come back here and put it to better advantage. Then, for some reason or other, they dropped it; not that they weren't just as enthusiastic, but obviously the ministry didn't see it as an ideal point. I still believe it is and I think we're missing the boat if we don't take advantage of it.

Hon. Mr. Baetz: I very much appreciate the suggestion and I promise you and the committee, and particularly the honourable representative from Lake Nipigon, that we will very seriously and very systematically look at this as a possibility. Maybe by the time we meet next for our estimates we'll have something in place.

Mr. Eakins: The point I was making was that this is one area, along with many others, that needs higher visibility. As Mr. Stokes has stated right where we have so many people coming

to this place, half of the members wouldn't know where to go if you told them to go to the tourism office over in the Mowat Block.

Mr. Williams: There is not even a washroom sign over there.

Mr. Eakins: The visibility is zero.

Mr. Williams: Before you go on to Mr. Oyer—

The Vice-Chairman: Is this a supplementary?

Mr. Williams: Yes, I have two quick supplementaries, if I might, while Mr. Laschinger here.

Early in your response to a question raised by Mr. Eakins you made reference to the fact that we have direct competition from Quebec and Michigan. Another area which has a great deal of competitive input is the Maritimes, at least it appears that way from the amount of television promotion they do prior to the summer vacation period.

Has any market analysis been done to determine what the market penetration has been, not only from Quebec and the bordering US states, but in particular from the Maritimes? How successful has their tourism promotion been?

Mr. Laschinger: I'm caught on the horns of a dilemma here because one of the Maritime provinces is represented by the same ad agency here. If I tell you they haven't been very successful, I'm a little—

Mr. Williams: We were down there one summer and all I could see were Ontario car licence plates.

Mr. Laschinger: There is no question that Ontario residents spend a lot of time in Nova Scotia and New Brunswick. Among Quebec residents we found a resurgence back this way is year. Niagara Falls and Toronto both had big increases in Quebec licence plates.

The problem we have is that it's not a very precise science. We don't have any borders that people cross, such as Americans. Every six weeks I get a report from Statistics Canada of the number of cars that went over the border and the number of people who came over in airplanes. You always get those little pink or blue or green cards on going through customs; they count all those, so we have a pretty precise handle on people crossing borders.

Last August or September we commissioned our own residents to see where where they're going, what their travel patterns are, where they're staying, how they're getting there, what

they're spending and how much they're spending when they get there. So I will be better and more scientifically able to answer your question by about February or March of this coming year, once we have finished this evaluation of 5,000 Ontario people who are all filling in diaries. On every trip they take they will fill in the particulars, so it's a detailed accounting.

I guess that's the best answer I can give you. We think that we do pretty well, when we compare with the other provinces, given our marketing budget and the amount of tourism development dollars this province is investing. I met with the federal officials last week and they were complaining they didn't have enough money for advertising. The federal government's advertising budget in media dollars is equal to ours as the province of Ontario. They would like more, and I would like more. We're in a big, competitive game.

Every time you have a World's Fair in Knoxville that's another drag on your dollar, on your own people. People who don't come to you go south, to that northeastern United States area.

Mr. Williams: The other supplementary I had was that towards the end of Mr. Eakins' question you said we should get a little excitement into our promotions as far as people using the highways and byways of Ontario is concerned. Addressing literally the remark you made about, "Let's fly the flag," we use this as our logo, of course, but what is the government's policy on flying the Ontario flag on government and other public institutions?

When you drive around the province I don't know that you see that many Ontario flags. I know there are other provinces that do a much better job than we do here in Ontario.

Mr. Stokes: Every government building in the north has one.

Mr. Williams: If you go to Quebec you see their provincial flag everywhere, and a couple of the western provinces fly theirs as well. I don't think we take as much pride in our provincial flag and display it as extensively as the other provinces do theirs. I stand to be corrected, but what's our policy in that regard?

Hon. Mr. Baetz: I think it could be said that the provincial government buildings throughout the province do fly our flag and there is a policy of encouraging others to fly it.

Obviously, no one around here would want us to get ourselves in a position where we order people to fly the provincial flag. We can encourage them and that is being done. I can only

speak for my own area in the Ottawa valley. Any provincial government building I see flies the Ontario flag and I think I heard from the member for Lake Nipigon that that happens in northern Ontario.

Mr. Stokes: He's just complaining that there aren't enough government buildings in Orillia, that's all.

Mr. Laughren: He didn't get one at his constituency office.

Mr. Williams: We get our fair share.

What about the tourist operators? Are they encouraged to fly the Ontario flag?

Hon. Mr. Baetz: Sure, our information centres certainly display our flags and provincial insignia in various ways and shapes. I don't think we can—

Mr. Williams: I'm not suggesting we order anybody to do it.

Hon. Mr. Baetz: We can encourage, but we don't want to enforce.

Mr. Williams: A little more patriotism at the provincial level would be appreciated and add that excitement that John Eakins is looking for.

Mr. Laschinger: We've been very successful in getting them to use "Ontario—yours to discover!" as a logo. A lot of the operators are proud to fly under our umbrella, so to speak.

9 p.m.

Mr. Williams: That's why the Americans coming here almost anticipate seeing our flag. That's the logo they're familiar with, so let's display it in capital letters.

Hon. Mr. Baetz: In this respect, as I may have mentioned earlier in the committee sittings, when the Americans came through the Detroit-Windsor tunnel the first huge sign they saw was for many years for Scott's Chicken Villa. That hit them as they were going into Canada.

What they now see, thanks to federal, provincial and local collaboration, is an enormous, wonderful, beautiful sign that says, "Welcome to Ontario, yours to discover." It has our logo there and refers to the city of Windsor and Canada. It's beautifully bilingual as well.

Mr. Eakins: That's the spirit we need, and lots of it.

Hon. Mr. Baetz: That's the spirit we need, yes.

Mr. Williams: Baetz's land of bounty.

Hon. Mr. Baetz: That's not there. I don't think even Mr. Drea got his name on that flag.

Before we go on, and I think you did want to

hear from Mr. Boyer, I wanted to make one or two very quick comments on the points raised by Mr. Eakins on what information centres we have at Toronto airport, at terminals 1 and 3. That's a point well taken.

We have to recognize, of course, it's a federal building, but we should have some information out there. The first step we are planning to take is to have Telidon and Teleguide terminals there, so when folks step off the aircraft they can press a button and find out what's going on through Telidon and Teleguide.

The other thing, going back to Mr. Stokes' suggestion, I really am intrigued by the possibility of doing much more here in the Legislative Building in providing information on Ontario. Here again, as a first step we should probably will set up some Teleguide terminals for the tourists who come in here. That, I can tell you, Mr. Chairman, we can do very quickly.

In fact, maybe we'll give Mr. Stokes, the member for Lake Nipigon, a Christmas present so before he goes home to Nipigon for Christmas, we may just have two or three Telidon terminals in this building so he can see we're serious about it and have taken this as our first step.

Mr. Eakins: He can find out what's happening in Nipigon that way.

Hon. Mr. Baetz: When your next plane leaves for Nipigon, yes.

Mr. Stokes: It leaves at 7:45 tomorrow morning.

Hon. Mr. Baetz: You know that.

Mr. Laschinger: We're fast, but we're not that fast.

On vote 2603, tourism and recreational attractions program; item 6, resort development:

Mr. Eakins: Mr. Boyer is going to tell us about Minaki Lodge. I think he is going to extend an invitation to the committee members to go up and have a tour.

Hon. Mr. Baetz: If he doesn't, the minister will. Good to see you back, Fred.

Mr. Boyer: Thank you, sir. Members, Mr. Eakins: Minaki Lodge is hurrying, progressing well, towards completion so that on April 29 we will open a first-class wilderness resort, probably.

Mr. Stokes: Careful now; you said that last year.

Mr. Boyer: I said nothing last year, Mr. Stokes.

Mr. Stokes: The Ministry of Northern Affairs said so.

Mr. Eakins: It was announced, but then it was changed.

Mr. Boyer: On April 29 we're going to open a first-class wilderness resort in Minaki, Ontario. That has significance for Minaki, for the economy of all of northwest Ontario. It will be, in my opinion, the finest small resort in Canada.

You commented, Mr. Eakins, that the concept had changed. Certainly I would not underestimate the magnitude of the investment, but the purpose has changed only in the sense that we're appealing to customers for 1983 and beyond. What was there in the 1960s and 1970s would not be considered appealing to customers in 1983 and beyond, and what was there in the 1960s and 1970s would not be considered a world-class wilderness resort.

I should add that, thanks to my colleagues in the ministry from the lottery corporation, the night before we open I trust and pray that Wintario will broadcast from Minaki Lodge. We have just won one of a number of battles we have had with Minaki Lodge. We have won a battle landscaping against the weather. I said to a group of my colleagues in the ministry a week or so ago, "The best news that I have for you is today it is 13 degrees in Minaki, Ontario." To update you on that, today it is one degree. We won our battle with landscaping and the weather by about one day.

I have been associated with Minaki Lodge for a number of years. I remember when the government could not afford to put additional resources into it and it was mothballed from 1976 until April 29. The small community of Minaki really began to disappear. Young people left town and it became a ghost town. The houses that were there deteriorated in appearance. Now everyone has work. I get a report each week on the number of labourers employed; there are 65 at work there today. I can tell you when I travel north between Thunder Bay or Dryden and Kenora, I can pretty much tell that 75 per cent of 19 people—I am bad at arithmetic—are connected in one way or another with the Minaki Lodge project.

It has been a great pleasure for me to see it go from ghost town to world-class resort. I did not finish what I began a moment ago, Mr. Eakins. I disagree that we have changed the concept and I responded to that to a degree. What we have there is a restoration of the main building, one of the finest examples of the great building of the Worldway Resort Hotels. We have restored that faithfully and we have built anew. We have the most modern of bedrooms, we have the

most modern of meeting facilities, and there is no one within Canada who can offer that fine a resort in the same manner that we can.

We have a sales organization through Radisson Hotels at work, and they have been for some time. The business that they are doing now is group business. In the first year we will be open for some 200 days. We have 120 bedrooms. Therefore, it is possible to sell 24,000 room-nights. The objective for corporate business is 12,000 room-nights. The objective for individual resort visitors' families is about another 6,000 room-nights. Therefore, the corporate meeting business is the most important.

We get weekly sales reports. At this moment, without a finished product, the Radisson people have sold some 6,000 room-nights out of their objective of 12,000. I think I will stop there.

Mr. Eakins: The point I was making is that when we are talking about Minaki Lodge we are not talking about the Minaki Lodge we knew a few years ago when we were first elected and everyone snickered about Minaki Lodge. We have a new development which, while it carries the name Minaki Lodge, is a complete new development with your landscaping.

Mr. Boyer: Yes. I am pleased to agree with that.

Mr. G. I. Miller: What are the rates? Have you established them?

9:10 p.m.

Mr. Boyer: The basic rate, European plan without meals, is \$85 per night; full American plan, all meals, \$135 per night. The pricing was based to be lower than Banff, lower than Montebello, higher than some of the properties in the Laurentians but priced lower than the property really should command. But Radisson advised us to do that, to charge lower than the market might bear, because really for most people, particularly to the south of us, we are a new product; people's memories do not go back 10 years.

Mr. G. I. Miller: I would like to point out that we stopped in at Shelburne, New Hampshire, at the base of Mount Washington. We paid \$44 a night, plus meals at \$9, beautiful meals. The question I am asking is, can the average person afford it? The place we stayed at had a beautiful setting, a swimming pool, a Jacuzzi, at \$44 a night. They really made you feel welcome; we never stayed at a finer place.

Mr. Boyer: I visited a government resort in Manitoba, Gull Harbour, and their rate is \$45; ours is \$85. You ask me the difference between

Gull Harbour and Minaki Lodge, and \$30 a night is worth it. I think if you saw for yourself, you might agree with Radisson, which suggests we are underpricing going into our initial year.

Mr. Stokes: You never mentioned the recreational facilities in addition to accommodation and meals.

Mr. Boyer: Golf, tennis, a fitness trail, indoor pool, sauna.

Mr. Eakins: These have been added to it.

Mr. Boyer: Yes.

Mr. Sweeney: Maybe the key question is, who is your target clientele? Obviously, an awful lot of people cannot afford \$85 a night. Who are you targeting on and how are they getting there?

Mr. Eakins: Who are the people who have reservations to date?

Mr. Boyer: During the past week, sales were made to Minnesota Multihousing Association, the Stanley Foundation, Northwest Association of Municipal Clerks, Associated Stores of Canada, Lennox Industries, Eddie Bauer, the outdoor people, Cargill Grain, 3M district reps—

Mr. Sweeney: Excuse me, Mr. Boyer. Those are all what I think you refer to as corporate clients?

Mr. Boyer: Yes.

Mr. Sweeney: I think the word is pretty well around that if the corporation decides it wants to go some place, dollars are not the only factor it considers; there are other things.

Mr. Boyer: I think it is a factor today, do you not?

Mr. Sweeney: Those are not really the ones I am thinking of. I gather from your original remarks, you figure that eventually about half your clientele are going to be individuals or families and half will be—

Mr. Boyer: No. In the initial year, 12,000 room-nights for groups, 6,000 individuals, 18,000 out of 24,000—

Mr. Sweeney: When you used the original 24,000, you planned it would be 12,000 and 12,000, but in the first year it is going to be 12,000 and 6,000.

Mr. Boyer: No. The 12,000 and 12,000 is maximum. Some people in the business call that a hot-sheet operation. I do not know what they mean.

Mr. Sweeney: I think we know what you mean.

Mr. Boyer: Our objective is clearly upscale.

Mr. Sweeney: It is getting worse instead of better.

The Vice-Chairman: Carry on, Mr. Sweeney.

Mr. Sweeney: I am not sure whether I dare. If you offer the right service, you get the right clientele; there is no doubt about it.

In terms of the individual or family clientele who are you shooting for?

Mr. Boyer: Prosperous families in Winnipeg Minneapolis—

Mr. Sweeney: It is definitely, as you say upscale.

Mr. Boyer: Yes.

Mr. Laschinger: It is not the camper trip that we were referring to a few minutes ago.

Mr. Sweeney: How about transportation is there? There is a new road. What else is available?

Mr. Eakins: Excuse me. Along with Mr. Sweeney's question, was there a road in before?

Mr. Laschinger: Yes.

Mr. Boyer: There was a road built in the early 1960s, I believe, and that road has been improved now and will be further improved. As for transportation, the bulk of the business, in my opinion and in Radisson's opinion, is through Winnipeg airport. We have a problem with air transportation between Winnipeg and Kenora; we have a problem with air transportation between Minneapolis and Fort Frances-Kenora; and we have a problem from the east, Toronto and Thunder Bay. We would very much like to see that improve.

From a selling point of view, what we have to do is sell the benefit of having you isolated, trying to turn the difficulty of getting there into a benefit, suggesting that if you have your meeting in Toronto perhaps you will find something to do downtown instead of going to estimates at Queen's Park. In Minaki, you have no such distraction. It is a tough transportation deal.

Mr. Laschinger: If I could add a comment, as the tourism person from the ministry on the board of directors, as the vice-chairman of Minaki Lodge, the first time I saw the operation I went in by boat, from Kenora up; it is a 45-minute boat ride. That was a 35 horsepower open motor boat. It recalled the old tourism expression, "Getting there is half the fun," the grandeur of the loons and the ducks and the scenery; coming around the corner and seeing these things sprawled out in front of you. I see a

great opportunity for people from Kenora up, for some entrepreneurs to run a boat service.

Mr. Boyer: That is already arranged with the Argyle II Co. that operates a boat on Lake of the Woods now.

Mr. Sweeney: Are you likely to get the vice-president of marketing of the 3M company to take a 45-minute boat trip to a business conference?

Mr. Laschinger: Yes, sir. It really is exciting.

Mr. Sweeney: You seem to be suggesting that Kenora would be the closest airport, although it may not be big enough.

Mr. Boyer: It is big enough; it does not have enough scheduled services. Minaki Lodge itself has its own small airstrip. As I mentioned earlier, one of the first groups we have is the Canadian Owners and Pilots Association.

Mr. Eakins: Do you anticipate spending considerable money at Minaki to enlarge an air service there?

Mr. Boyer: No—hold it a moment: You know we are funded on capital, from Northern Affairs primarily, on the airstrip. That is being improved right now through funds shared by the Ministry of Northern Affairs and the Ministry of Transportation and Communications, totalling some \$800,000.

Mr. Sweeney: I do not know who should answer this question, but as a straight commercial operation, how long is it going to take and what degree of occupancy are you going to need to recover the government's investment in that place?

Mr. Boyer: If it is the long-term view and you include interest, never; which the private sector would do. Radisson tells us we will operate in the black in the second year. We are a little more cautious than that.

Mr. Sweeney: Wait a minute. What does that mean? In other words, the \$25 million, or whatever the figure is, is an investment and you put that off to the side. That is not going to be included in a year-by-year accounting?

Mr. Boyer: No.

Mr. Sweeney: Is that right?

Mr. Boyer: That is correct.

Mr. Stokes: What is the total investment in this whole enterprise called Minaki? We know what the original investment was. We know what the investment was to buy out the American industrialist from Duluth, but we do not know what it has cost since it has become a

feature of the province. We do not know what it is costing to provide access—several million dollars to upgrade the roads, \$800,000 to improve the airport and so on. What is your best guess as to the contribution made by the taxpayers of Ontario come next April 29?

9:20 p.m.

Mr. Boyer: You already know the amount of capital invested in 1974-76. That was \$4.8 million. The amount authorized to completion, covering three years of reconstruction and new construction, is approximately \$22 million. The road and the airstrip are to serve the region, not exclusively Minaki Lodge. There are many thousands of cottagers, most of them from Winnipeg, the residents of the community and the people who live along the highway. The new road also improves access to the Hydro dams to the north of Minaki.

Mr. Stokes: But it would not have been done without Minaki?

Mr. Boyer: I cannot answer that. The amount invested to completion was \$13 million, I believe. The amount on the airstrip, again to serve the region, is \$800,000.

Mr. Stokes: So that is \$35,800,000?

Mr. Boyer: Yes, sir.

Mr. Williams: When is the OTAP convention being held there?

Mr. Boyer: In June 1983, I think. They have taken the whole property and an adjoining property—

Mr. Williams: What navigational means are they putting into the expanded airfields?

Mr. Boyer: It is licensed to a class D standard.

Interjection: Just single engine.

Mr. Boyer: Yes.

Mr. Williams: Is there any nondirectional beacon going in there?

Mr. Boyer: No. There will be lighting but it was a very bad strip. Radisson thought it improper to encourage the use of a strip that was not licensed and therefore could not be in the Canadian pilot's guide—I am not sure of the name.

It is paved to 2,900 feet now. There is no longer a small hill at the 1,300-foot mark. There no longer are charred remains of aircraft in the woods.

Mr. Williams: That is encouraging.

You say it is at Minaki. How close is it in fact?

Mr. Boyer: About five kilometres.

Mr. Williams: I presume there will be limousine service?

Mr. Boyer: Oh, yes, and there will be unicom communications between aircraft and the lodge.

Mr. Williams: Any services on the field—fuel?

Mr. Boyer: We were advised not to have fuel. It is too difficult and dangerous to handle. There will be a shelter and lighting. There is the paved strip. The trees have been cut way back and there is a good, large parking apron.

Mr. Williams: There is just the one runway?

Mr. Boyer: Yes. When we were considering doing this we looked for alternative locations and the best location there was Kenora airport.

Mr. Williams: Which is how many miles?

Mr. Boyer: It is 30 or 35 miles.

Mr. Williams: As the crow flies?

Mr. Boyer: No. That is the road.

Mr. Stokes: What do you pay Radisson in operating fees?

Mr. Boyer: The Radisson agreement takes effect on April 29 and we are paying them five per cent of the gross or \$100,000, whichever is greater, plus 10 per cent of the net. When we signed, we had two other choices. It so happens that Radisson was the best financially. We did not recommend them to the minister on those grounds; we really recommended them because they were a well-known mid-western chain that had a combination of northern-southern resorts as well as city operations.

It is five per cent of the gross or \$100,000, whichever is greater, and 10 per cent of the net.

Mr. Stokes: It is one or the other, plus 10 per cent of the net.

Mr. Boyer: Yes, and we hope they get there next year because that is when the government begins to get some return.

Mr. Stokes: Let me understand this: it is \$100,000 or five per cent of the net, whichever is the greater?

Mr. Boyer: No, five per cent of the gross or \$100,000, whichever is greater. In year one we estimate we will pay the \$100,000—the minimum. In future years, we estimate that five per cent will be greater than \$100,000. On top of that, we will pay them 10 per cent as soon as there is an operating profit.

Mr. Stokes: Would you not call that net, rather than gross?

Mr. Sweeney: The 10 per cent is on net.

Mr. Boyer: Yes. Did I not say that?

Mr. Kolyn: Would that be the standard they pay to operators on such contracts?

Mr. Boyer: Yes. There are a couple of features of the Radisson agreement that are not standard. It is, I believe, for five years only. Generally, they are longer than that. Secondly, if the government wants to get out it can get out at any time on payment of \$100,000.

Mr. Kolyn: But the company would be locked in for five years?

Mr. Boyer: Yes.

Mr. Stokes: I know you would not want to compete with the fly-in tourist operators, those who operate outpost camps, but are you considering entering into arrangements with the established tourist operators to accommodate somebody who wants to live in style at Minaki but get out for a day's fishing? Are you going to combine this?

Mr. Boyer: Yes, sir. I am delighted to tell you the Northern Ontario Tourist Outfitters Association operators are by and large supportive of Minaki Lodge. The lodge is a member of Reserve or Resort, which are the best NOTOA operations. We will be represented by them in their activities in the United States and at the international tourist fair in Berlin. Also we intend to tell whatever media attend the opening: "All right, you have just had a couple of days at Minaki Lodge. Now try a different kind of experience."

We see ourselves as complementary and hope they see that as well.

Mr. Williams: Can you tell me if Radisson has a free hand in how it markets Minaki? I understand they have to report to you, but is it part of the contractual arrangement that they market Minaki as they best see fit to the American market place?

Mr. Boyer: That is pretty much true. We control the purse strings. The employees are legally ours—not Radisson's. They can force an employee on us if they want, but that is not the way it has been and I hope it does not turn out that way.

9:30 p.m.

Mr. Williams: I am not thinking so much of the onsite operation but rather the marketing of Minaki to bring in these 12,000 users and the 6,000 individuals. They, and not the Minaki corporation, have used the marketing initiative to get them there.

Mr. Boyer: Yes, absolutely. They are the hotel people; that is why we hired them.

Mr. Williams: That is very much a part of the package; they do the promotion work?

Mr. Stokes: If Radisson is going to do the promotion work, what is Bill Charlton going to do?

Mr. Boyer: Retire.

Mr. Eakins: How many people sit on the board?

Mr. Boyer: There are six.

Mr. Laschinger: All underpaid.

Mr. Boyer: All of them are civil servants. Bill Charlton, now of Government Services, is our chairman; John Laschinger is vice-chairman; Mike Shoreman is secretary-treasurer. Our sole shareholders are Andrew Croll of Ontario Development Corp. and Donald Cameron of Northern Affairs, Kenora.

Mr. Eakins: Do you not have a civilian appointee group?

Mr. Boyer: We have an advisory board that used to be the board.

Mr. Eakins: Is that still in effect?

Mr. Boyer: Yes. We met with them on site in June.

Mr. Laschinger: As an advisory function.

Mr. Sweeney: Could I come back to a supplementary with respect to the fishing. One of the jokes about Minaki a few years back was that it was sitting on a lake in which there was no fish. Is that still true?

Mr. Boyer: Absolutely not true.

Mr. Sweeney: Was it in the first place?

Mr. Boyer: No.

Mr. Sweeney: What is the situation?

Mr. Boyer: As I understand the situation, it was established there was heavy mercury contamination in the English-Wabigoon River system about 1970 and that was primarily due to a paper company in Dryden, although mercury was also demonstrated to occur naturally. In any event, that river system is substantially to the north and west of us. We are on the Winnipeg River, flowing north out of Lake of the Woods which joins the English River some 60 kilometres north and west.

The quality of fishing is such that a group from North Carolina had organized for several years a vast fishing school in the community of Minaki. This year one of our guests from Chicago caught the prize-winning muskie in August—some 45 pounds of it.

Mr. Sweeney: There is reasonably good fishing in the lake right beside you then?

Mr. Laschinger: I caught four whitefish in my first trip and they were delicious.

Mr. Sweeney: Was that Minaki, sir?

Mr. Boyer: I have my picture. Have you got yours?

Mr. Sweeney: What particular activity is going to herald the opening on April 29?

Mr. Boyer: The official ceremonies will occur on June 10 and we are talking to ministers and to Radisson with regard to those. They are not final yet.

Mr. Laughren: Will we all be invited up there?

Hon. Mr. Baetz: Do you want to come? You are invited.

Interjection: Government water bomber.

Mr. Boyer: Bring your American Express card.

Mr. Williams: Just one last question, if I might Mr. Boyer. I am trying to recall what the operating season is. It extends beyond September, does it not?

Mr. Boyer: Yes. It is 200 days, Mr. Williams, into early November.

Mr. Williams: I was thinking it was up to around Thanksgiving, but it goes beyond that.

Mr. Boyer: The normal northern season is mid-May to Thanksgiving, but Radisson, because of this group business, wants to try a longer season, a 200-day season, beginning on April 29. They will recommend to us, as soon as they can justify it economically, year-round operation.

Mr. Stokes: Mr. Chairman, can we get back to the estimates now? This has all been very interesting, but—

Mr. Chairman: I think Mr. Miller has a question.

Mr. G. I. Miller: How far is it off the Trans-Canada Highway?

Mr. Boyer: Thirty miles.

Mr. G. I. Miller: Do you have to go into Kenora and then come back?

Mr. Boyer: No. If you are coming from Winnipeg, you turn north about five miles out of Kenora. If you're coming through Kenora, after two or three miles you turn north.

Mr. G. I. Miller: The member for Lake Nipigon indicated the cost was \$35 million, but when I went over the figures it was \$4.8 million for the original resort, \$22 million for renovations—

Mr. Riddell: It was \$4.8 million, plus \$22 million.

Mr. Boyer: The capital cost of Minaki is \$4.8 million plus \$22 million.

Mr. G. I. Miller: Plus \$13 million for the road.

Mr. Boyer: I understand the road to completion is some \$13 million. The improved airstrip is \$800,000.

Mr. G. I. Miller: So the total is \$40.6 million.

Mr. Stokes: I understood the \$4.8 million was part of the \$22 million.

Mr. Boyer: No, I didn't mean to say that, Mr. Stokes.

Mr. Stokes: It is worse than I thought.

Mr. Boyer: The capital investment in Minaki Lodge between 1974 and 1976 was \$4.8 million.

Mr. Laughren: How long has it been since it was last open?

Mr. Boyer: Since 1974.

Mr. Laughren: That's all?

Mr. Boyer: Eight years.

Mr. Eakins: The best you see then for the future is that it will operate in the black, but it will never pay back the capital investment. The interest on the investment is going to grow. What do you see that figure is going to be in the future years?

Mr. Boyer: I'm sorry, Mr. Eakins?

Mr. Eakins: What do you anticipate that figure is going to develop to in the future? We are told that money is not going to be paid back.

Are you finding it difficult to answer? Like many government expenditures, some costs—

Mr. Boyer: Are you speaking about future revenue?

Mr. Eakins: That's right, yes. What do you expect of Minaki, financially?

Mr. Boyer: We have five-year projections from Radisson that indicate operating in the black in two years, and a gross profit or net operating income in the order of \$30,000 to \$50,000. We are just going to break even. Depending on memory, it will build to at least half a million dollars in gross operating profit.

Mr. Eakins: But all that adds up to is more or less to say I told you so, to justify that investment. What is it going to do for tourism in that area and in the rest of Ontario?

It's fine to spend all that money just to say, "By golly, we will make it pay"—and you are going to make it pay, you are going to break even—but you are spending a lot of money to

get that \$500,000. Is there going to be a great spinoff effect for the rest of the area up there?

Mr. Boyer: Once they are operating year round they are going to have sales in the order of \$6 million annually. A great deal of it will be spent in the area and some of it will spin off to Winnipeg.

Mr. Eakins: To Winnipeg, eh?

Mr. Boyer: That's part of Canada.

Mr. Eakins: It's Ontario money, though.

Mr. Boyer: Because it is a resort meeting facility, the employment is going to be in the order of 150 full-time jobs in a community that now has a population of 300. There are tremendous spinoff benefits to Kenora and the northwest; and symbolically it is the finest wilderness resort in Canada.

Mr. Eakins: It should be.

9:40 p.m.

Mr. Boyer: Yes, it should be, sir. It will be a flagship attracting tourism business to all parts of the northwest.

Mr. Stokes: If you had taken the \$40 million and invested it with, say, bank interest at 10 per cent, you would have had \$4 million every year without reducing your capital. You could have provided a hell of a lot of jobs in Minaki at \$4 million a year never using the capital, just the interest.

Mr. Boyer: The corporation is taking a number of tickets in the Wintario lottery of April 28.

Mr. Stokes: The winner gets Minaki?

Mr. Laughren: The loser gets Minaki.

Mr. Stokes: The first prize is one Minaki, the second prize is two.

Mr. Boyer: Mr. Stokes, I thought you were from the north, sir.

Mr. Stokes: If I'm a little bit sceptical of your figures and the economic spinoff, you'll have to forgive me. I knew that operation when Rod Carey owned it, when he was a member of the Northern Ontario Development Corp. He had to resign from the darn corporation to get the \$500,000 loan to keep him going.

He was a pretty good operator. I don't think Radisson is going to do any better.

Mr. Boyer: I hope you are wrong.

Mr. Stokes: I hope I am too.

Mr. Sweeney: I have a question to the minister, a quick calculation of what we've just been talking about. The last figure I saw for government bonds for Ontario was something like

about 15 point something per cent. So a \$40-million investment at 15 per cent is roughly \$6 million a year in carrying charges. How would that compare with something like Ontario Place?

Mr. Laschinger: The original investment was \$25 million and there was another \$25 million; as I recall, about \$50 million in capital was invested.

Hon. Mr. Baetz: We have the manager of Ontario Place here. He would remember—

Mr. Sweeney: What's your net intake from Ontario Place on an annual basis? That's about the only way you can consider it. You're going to get half a million dollars a year back, but you're paying out \$6 million a year in carrying charges alone. It's not a commercial investment.

Hon. Mr. Baetz: We have the director of Ontario Place, Mr. Gibson, here.

Mr. Williams: You are comparing apples and oranges.

Hon. Mr. Baetz: Yes, we are a bit, really.

Mr. Williams: One is a tourist attraction facility and the other is a combination facility.

Mr. Sweeney: The simple fact is you've taken \$40 million of tax money and you've invested it in such a way that you will never get your investment back again, you can't. At best you're going to have a net profit of half a million dollars a year and yet every single year you're paying out \$6 million on borrowed money. So it's not a business investment in any sense of the word. It has to be called a tourist attraction or something like it.

The Vice-Chairman: Do you want to pursue that with the minister?

Mr. Sweeney: Yes. I would like to know how they compare. I think there is a comparison.

Mr. Laughren: Can I ask a supplementary, while we're getting someone up here?

The Vice-Chairman: Yes, a quick one.

Mr. Laughren: If you had \$40 million and the first year you invested it at 10 per cent and just let it sit there over the last eight years when there has been no revenue, if you compounded that 10 per cent on \$40 million every year for the last eight years you wouldn't have \$40 million in the bank drawing interest, you would have double that. Right? I may be out a little bit but not a heck of a lot.

So you would have \$80 million sitting there now on which you would be drawing interest every year, not \$40 million. When you do your

calculation you should take that into consideration.

Mr. Sweeney: You could eventually pay off the provincial debt.

Mr. Laughren: Exactly.

The Vice-Chairman: Mr. Sweeney, I sense this is becoming more complicated by the moment.

Mr. Sweeney: Can a rough calculation be made or can't it?

Hon. Mr. Baetz: Really, without my going into some of the details here in the figures I cannot answer that question in any kind of a specific way. I would really think that to a degree we are comparing apples and oranges when we compare Minaki and Ontario Place.

The other thing is I think we could very easily at this time become engaged in sort of Monday morning quarter-backing. If we had made a different decision 10 years ago or 12 years ago, a lot of other good things might have happened. The fact is that we are today on the point of opening, as we have heard from Mr. Boyer, a really first-class wilderness lodge. I think we cannot, in terms of cost-benefit analysis, take a myopic, narrow-minded approach on what are the costs, what are the benefits and think only in terms of the lodge itself. You have to ask what will Minaki Lodge do for the northwest. That is the question. The spinoff effects are going to go on and on and on.

Mr. Eakins: That is what we are asking. It is our responsibility also to question the figures and what has happened to date and what the future holds. I think that is fair. I think those are the questions we have been asking.

Mr. Laughren: The minister thinks you are being unpatriotic when you do that.

Hon. Mr. Baetz: No. I will be happy to go through the exercise and bring to this committee some figures, some calculations and so forth. You may say I am going to err on this side or on that, or my forecast may be soft rather than precise and hard; I do not know. I think we have to take a look at what Minaki Lodge will do in the future for the northwest.

We have already heard from Mr. Boyer that it will have all kinds of spinoff effects. The fact is the northern tourist operators are saying it is a great thing that has happened; the mayor and the town council in Kenora say it is a wonderful thing that is going to happen to this region.

I do not know. I cannot quantify those benefits precisely for you tonight, but I do think

we have to look at the benefits in a far broader way than what is going to be in the balance sheet of Minaki Lodge in the first or second or third year of operation.

Mr. Sweeney: A \$40-million investment in any community in Ontario would be classified as a good thing.

Hon. Mr. Baetz: Sure.

Mr. Sweeney: That does not carry very much weight. But quite frankly, this province could not put a \$40-million investment in any community in this province.

Hon. Mr. Baetz: I think we are doing this all the time, for goodness' sakes. We have just opened the Roy Thomson Hall here and the benefits of that are going to be enormous. I have not heard anyone complain about that, and I would not. I think it is a wonderful thing.

We have just spent close to \$50 million on the expansion of the Royal Ontario Museum. It is a wonderful thing for the province of Ontario. I do not find anyone complaining about that. What is so wrong about us spending some money up in northwestern Ontario and having some spinoff effects up there? Every time we spend money up in the north in a megaproject we hear about it and people get all worried about it.

We are putting a lot of money into the Sudbury Science Centre and thank God we are.

Mr. Sweeney: No one is questioning the investment in northern Ontario. The question is the investment, period, whether it is in the north or wherever it is. If you are going to look at it in that way as "throwaway money" that you are never going to recover in a business venture, then you have to compare it with something like Ontario Place, or you name something else.

Hon. Mr. Baetz: But it is not throwaway money. With respect, I would not call it throwaway money. It has been a long-term investment and it is going to take us some time to find out—maybe in five, 15 or 20 years you will be proven to be correct, but probably in five or 10 years we will have been proved to have done exactly the right thing.

Certainly the people of the northwest—and I have talked to a lot of them in the last nine months—think this is one of the biggest things that has happened to that area. It has enormous potential.

Mr. Eakins: Today you would even let Stephen Lewis on the property.

Hon. Mr. Baetz: Remember, Stephen Lewis was the man who said, "Burn the place down,"

or whatever it was he said; I do not know. He was not for expanding it.

9:50 p.m.

The Vice-Chairman: I wonder if we could come back to the long hard road of accomplishing the completion of these estimates, Mr. Kolyn. It's my understanding that we have now moved from vote 2102 to vote 2603, item 6.

Mr. Stokes: We haven't even dealt with 2602, other than the leadoff from Mr. Eakins.

The Vice-Chairman: I realize that. Vote 2603, item 6 deals with Minaki Lodge. The minister has made a specific request to deal with that vote this evening because Mr. Boyer cannot be here next Tuesday.

Hon. Mr. Baetz: I believe the assistant deputy minister wanted to make one final point on capital costs for the record.

Mr. Laschinger: The figure \$40 million has been thrown around. As vice-chairman of the board of Minaki, I have not approved \$40 million. I have gone to estimates and I've approved a budget and contracts for \$22 million.

Mr. Sweeney: Plus \$4 million.

Mr. Laschinger: Plus the original \$4.8 million that's correct. The \$40 million includes ancillary benefits that I had nothing to do with.

Mr. Boyer: Like the road.

Mr. Laschinger: Like the road. It's there to serve the region.

Mr. Stokes: We understand that.

Mr. Sweeney: It wouldn't have been built without Minaki. You can't build a road to nowhere.

The Vice-Chairman: Are there further questions of Mr. Boyer on this item or any further questions on that vote? Shall we carry this item?

Vote 2603, item 6 agreed to.

On vote 2602, tourism development program; item 1, program administration:

Mr. Stokes: I want to get into the kinds of things I think you should be doing, should be involved in and should be aware of. I showed a copy of a report to people in your ministry so that you would be prepared to react to it. It is on the plight of the Ontario sports fishery.

It's an excellent paper. Your people have had an opportunity to go over it, hopefully with a fine-tooth comb. I want to read from it to indicate how important it is to anyone who cares about the sports fishery in Ontario and the important part that it plays in the tourist industry any place in Ontario.

It says: "The economic importance of sports fishing to the tourist industry in Ontario should not be underestimated. In 1975 Ontario residents spent an estimated \$312,030,000 on sports fishing activities directly. This includes expenditures for food, meals, travel, commercial accommodation, fishing gear, family boats costs, trailer and campsite fees, bait and guide services.

"An estimated 655,900 nonresident angling licences were sold in Ontario in 1975. General expenditures by nonresidents in conjunction with fishing trips is estimated at \$156,172,000. Commercial lodging accounted for the greatest expenditure, followed by food and travel within the province that is sports fishing related.

"Excluding major purchases then, a total of \$468,202,000 was spent by anglers in Ontario in 1975 for fishing expeditions. If expenditures made for major purchases directly related to fishing, e.g., fishing, boating and camping equipment, etc., are included, this amount rises sharply."

This report goes on to put that in the context of commercial fishing. I won't go into what that means to the economy generally, but various agencies that have looked at the conflict between the commercial fishery and the sports fishery came to this conclusion: "The agencies base their policies on economics. They estimate that a fish caught recreationally brings in 30 times as much as the same one caught commercially. This policy determines how management programs are carried out and thus the relative health of the sports and commercial fishing industries."

What I want to say to the minister is that there are a good many areas where there is a direct conflict and competition for the same fish vis-à-vis the sports fisherman and the commercial fisherman. It's not to the same degree as my friend from Haldimand-Norfolk said, where perch is not considered a sports fish, where you go out and angle for perch in the same way as you would for some of the other game fish.

Mr. G. I. Miller: We do some ice fishing.

Mr. Stokes: What I'm saying is that there are pivotal areas in the north, and I'm sure there may be one or two in the south, where there is a real conflict between the commercial fishing and the sports fishing. While we don't want to freeze out commercial fishing per se, because when we get to whitefish and the other lesser species that are not prime game fish in the same way that lake trout, speckled trout, pickerel and walleye are, it seems to me that if we're going to satisfy the needs of the tourist industry and the

angler we're going to have to take a good look at families who are getting out of the commercial fishing business. All they want to do is sell their equipment. What they do, to put it crudely, is traffic in the licence. They'll say, "If you will buy my gear at \$100,000 or \$150,000, I will transfer my licence and the quota over to you."

That's a real problem in Lake Nipigon and there are a good many other fisheries where there is that conflict. Generations have spent their lives engaging in commercial fishing and when they've reached the end of the road and their productive working years they've got this equity. We can't say, "No, you can't traffic in the licence," because what have they got for a lifetime of living in the same way as a farmer? He has thousands and thousands of dollars invested in this gear that he uses to make his livelihood. If his health won't allow him to continue he has to have something to sell other than a lot of antiquated gear. He has to be able to sell the licence and the quota that goes with it.

I would like to see your ministry, in conjunction with the Ministry of Natural Resources, whenever you see a situation like that, encourage the Ministry of Natural Resources to retire that commercial fishing licence. In fact, buy out that family, give them a fair return on the money they have invested in gear and everything else. If you retire the licence, you reduce the competition. It's the only fair way you can do it.

I quoted some statistics the other night with regard to what a fisherman gets for his commercial fishing catch. There isn't a better eating fish and there isn't a better game fish anywhere than the walleye, the pickerel. Yet the fisherman is getting 65 cents a pound. If you calculated these figures or projected them into what we would get, and I'm talking about the economy of the province, the enjoyment that the sports fishermen would get and the return to the province in tourism, I think that is the direction we ought to go, but not at the expense of commercial fishermen.

10 p.m.

We can reduce those licences. A good many of those licences are held by Indian bands. You are not going to say to them—overnight anyway—"Okay, get out of the commercial fishing business and start a sport fishing operation." Hopefully, 10, 20 or 30 years down the road we might encourage them to do that to get a better economic return for them and the economy. A good many people from Lake Erie and Lake St. Clair are coming up to our area because of the decline in fishing there. They are buying out

these old, antiquated enterprises and are getting the quota that comes with it.

The Minister of Natural Resources has just reduced the quota on Lake Nipigon for the combined fishery from 1.2 million pounds to something like 585,000 pounds. He reduced it by a little more than 50 per cent. It is getting to the point where none of those people is going to be able to make a living. We are just going to starve out the commercial fishermen and the native people who depend on it. I suggest to you and your colleagues that the only way you are going to preserve the fishery and allow it to build up is by reducing the quota, but you cannot do it arbitrarily.

I know two or three people who have come from southern Ontario and are very good fishermen. They go at it gung ho. They can fish their quota in one month. When you have somebody who has close to half a million dollars invested in this, it just does not make any economic sense. They were deluded, I think, into believing that the quota would always be there and it would be increased to meet their needs. The fish are no longer there and they are not going to be there for the charter boat operators, or for all of the people who depend upon our fisheries in order to attract tourist dollars.

I was not being overly dramatic when I said that \$468 million was generated by sport fishing and the spinoff effect in this year alone in the province. That is not peanuts. If the value of the commercial fishery in Ontario is one tenth of that, I will eat your hat.

If you are going to be an advocate for the tourist industry as it applies to fishing, this is the kind of thing you are going to have to do. It is going to cost you a relatively small amount of money to retire those commercial fishing licences. I am not talking about those that are held under licence to Indian bands but others. I know of two or three where the father has died in the last little while. The wife is there saying, "All I have is this boat and a bunch of nets and related gear." She is entitled to something, and I think it would pay us to buy her out and retire those licences.

Another area you should be getting involved in is the kind of relationship your ministry has with the Ministry of Natural Resources with regard to our wildlife. I did not want to pursue it with Mr. Boyer, but I am sure that if Minaki Lodge is going to succeed, it is going to be because of the attractiveness of the fishery and big game hunting.

In the Kenora area, there are moose and deer.

I noticed in the recent Tourist Outfitter for northern Ontario that they applaud the Minister of Natural Resources for finally coming to his senses. They say how gratifying it is to see the minister respond to the needs of the tourist industry with the special 10 per cent allocation to outfitters, the earlier opening dates and the early announcement of the dates.

They say, "It is especially encouraging and gratifying to realize that after more than 15 years of telling the Ministry of Natural Resources that the moose herd was in trouble and after numerous years of discussing possible moose management strategies with MNR wildlife branch our efforts have borne fruit."

These are not my words. The Tourist Outfitter says it has taken 15 years to convince the ministry that all was not well with our big game and that something had to be done about it. I hope you will carry the message, and will not just let tourist operators, generally promote this.

There is a tremendous economic spinoff. I hope you will live up to your commitment to be a spokesman and a partner for the tourist industry, so we can maximize the benefit of our fish and wildlife resources and manage them on a sustained yield basis. You know the number of lakes here that have been fished out. All of the hatcheries in the world will not replace them unless there is good fish and wildlife management.

In addition to that, your colleague is going to make a proposal to the chamber of commerce and to the tourist operators. I tried to get a copy of it in advance, but I was not successful. I can understand the reason. In an address to the Northwestern Ontario Chamber of Commerce this past month, Mr. Pope stated: "The crown land recreation policy just being formulated not only addresses the user-pay philosophy for nonresidents but also contains provisions for channelling tourists to commerce and tourist outfitting accommodations." That is for the nonresident.

I had a conversation with our colleague Mr. Pope this afternoon asking him if it was available, and he said: "No, it is just being formulated. I hope to have it ready to discuss with the Northern Ontario Tourist Outfitters Association about two weeks from now," that is November 22 to 26.

This may sound like American bashing but it really is not. If you look at the crown land recreation policy of other jurisdictions, whether it be the United States or other provinces within Canada, none has been as liberal in sharing out

resources for no economic return to our economy as we have.

When you see the unauthorized flying across the border, when you see charter boats that are stationed in the United States coming in—we know there is a quota of fish for these boats, so to circumvent it they come into Canadian waters and use little boats that were on the big boat, little dories and everything else. If they can put five of them out, they get five times the quota.

Your colleague the Minister of Natural Resources is trying to do something about it. If you had the time to go and talk to all of those operators and everybody who is interested in tourism in the part of Ontario that I know best, they would tell you that the Minister of Natural Resources is making the right move. I know he has already talked to the governor of Minnesota to try to explain what it is we are trying to do to protect our resources and get some value for them. I think it is important that you know all of these things and join with him in making sure that we can maximize our resources for the benefit of people who have many millions of dollars invested in our tourist plan.

It is also important that we manage the resource, whether it be the fishery resource, the wildlife resource or our land base, on a sustained yield basis. I am sure that everyone in this room can tell you of instances where there were once all kinds of moose or all kinds of deer, and you had to stand behind a tree to bait your hook for fear that some fish would jump out.

10:10 p.m.

There are not too many places like that except where the minister goes on occasions, up to Winkelmans'. There are not too many places left. If we ignore our responsibility to manage the resources that the tourist industry depends upon for its livelihood, we do so at our own peril. It is the primary responsibility of this minister to make sure that those who are responsible, front line, for managing those resources do so for the benefit of everyone in this province.

Hon. Mr. Baetz: I am fully supportive of the observations that have just been made. I have no quarrel whatever with the basic philosophies, the basic principles that have been proposed. I can only see my ministry doing exactly the kinds of things Mr. Stokes has suggested. I shall go into a bit more detail on that in a moment.

While I support, endorse and welcome the

basic philosophy the member for Lake Nipigon has presented, I cannot quite associate myself with a bit of his northern snobbery that has wafted across the table as to the kind of fish. He says the perch is not a very mighty fish and that in the north they would look down their noses. I should say that we in the south even appreciate mullet. We do appreciate perch; we even sometimes fish and eat chub. I know there is this enormous arrogance of the north.

Mr. Stokes: That is because you have nothing left to catch, and we do not want that to happen in the north.

Hon. Mr. Baetz: I just thought I would get that on the record because they have a perch festival in Orillia and I think a perch is a great fish. I know you people up north do not subscribe to that at all.

Mr. Sweeney: The member for Haldimand-Norfolk has a perch fry.

Hon. Mr. Baetz: He has a perch fry?

Mr. G. I. Miller: I think I want to respond to that.

Hon. Mr. Baetz: You have probably seen even coarser fish than the perch, but anyway—

Mr. G. I. Miller: They are smelt and they are much better.

Hon. Mr. Baetz: There is another one. So I did have to take issue with you, sir.

Mr. G. I. Miller: They are not coarse.

Mr. Stokes: We in the north aspire to greater heights, I must say.

Hon. Mr. Baetz: Since you did allude, indirectly admittedly, to my having fished on the famous Albany River—

Mr. Stokes: Now you tell me.

Hon. Mr. Baetz: It was fantastic fishing, but there again I ran into that same northern snobbery when I caught a most beautiful northern pike. It was an incredibly beautiful fish. The two Indian guides—I must say I was so impressed with these people. Sometimes we hear that our native people have this problem and that, but I can tell you I could not be more impressed with the skill they have getting the birch canoe up over the rapids. I was most impressed. They too had the same arrogance that apparently has washed off on Mr. Stokes. They would not even touch the northern pike. I was longing to bring this thing into my boat and take it home virtually as a trophy.

Mr. Stokes: The Americans think it is great.

Hon. Mr. Baetz: Quite apart from that, and very seriously, I could not endorse and support your views more. We see our ministry as having precisely that role, being the advocate, representing the voice of the tourist in the meetings with the ministries of Natural Resources, Northern Affairs and the Environment. Even in the short time this ministry has been in existence, we have sat with them in a number of very important meetings and have made our particular point known. We are encouraged to think that we are being listened to.

Certainly in the whole matter of crown land recreation policy we have made our case very clear, and it is identical to your position, Mr. Stokes. You have said you do not want to become involved in American bashing, but if they do come across the border and enjoy our wonderful parks and our crown land areas we think there should be some user fee involved. I think you will find this happening.

I also fully endorse your views about slowly buying out some of the rights of the commercial fishermen. I agree one simply cannot, from day one to day two, lower the boom on them. One cannot suddenly pass legislation taking away from them the commercial fishing licence they probably purchased at a very high price five, 10, 15 or 20 years ago and which may be their only asset in life. One cannot take all that away from them overnight.

But I agree with you entirely that even from a strictly economic point of view a sports fish caught by a tourist is worth more than a beautiful fish, like a walleye or a pickerel, caught in the net by the ton. I am encouraged by what I hear from MNR that not only is this policy being introduced—they are already doing some of it, as you know—but it will be accelerated. In some of the key lakes where there is a real potential for sports fishermen, we shall gradually buy out the commercial operators. This does not include the native people who have rights which transcend these laws.

We are going to continue to advocate that policy. The same applies to the moose allocation. As you have pointed out, some progress has already been made on that. I think we can take some share of the responsibility for having made that happen. We have encouraged the current policy, which helps the tourist operator but also protects the moose population so as to assure what you call the sustained yield basis over the years. We are doing that.

We are really encouraged by what has happened. We formally supported the strategic

plan for Ontario fishermen as put forward by MNR. We are also on the important land use committee—the cabinet committee on resources development. I am also a member of the cabinet committee on the Board of Industrial Leadership and Development, which gives me an opportunity to make the views of the tourism industry known in the decision-making of that committee.

I have absolutely no quarrel at all with the points that have been made by the member for Lake Nipigon. I can only say I am encouraged he has made them. We are on his side and will continue to be the advocate for the tourism industry.

As I think I mentioned in my opening statement a few sessions ago, we have engaged an economist on our staff to help us quantify the economic impact of tourism. Heretofore, all too often it has been assumed—

Mr. Stokes: Who is he, by the way? If you have someone running around in the north looking at our resources and making decisions I want to know who he is.

Hon. Mr. Baetz: No, he is staying up there. He is working there.

Mr. Stokes: Who is he?

10:20 p.m.

Hon. Mr. Baetz: Do you want me to give his curriculum vitae?

Mr. Laschinger: He is an economist. His name is Geoff Thompson and he is situated in Thunder Bay.

Hon. Mr. Baetz: It is a brand new appointment. He is an economist. He has been trained to try to quantify economically the effects of tourism—tourist fishing, moose hunting and so forth—and compare that to the mining and lumber industries. Until now, as you know, it has been assumed that tourism was sort of a frill, a nice thing to have around. But the economic impact of the tourist has never really been either quantified or fully appreciated.

Mr. Stokes: I wish you had been at a breakfast we attended this morning of the Ontario Forest Industries Association. People from that group said, "We should get the first kick at it. People looking at other values at the expense of the forest industry are making a terrible mistake."

I am sure some of your colleagues were there. Mr. Williams was, and I think the member for Stormont, Dundas and Glengarry (Mr. Villeneuve) was there also. I think you should sit down and have a talk to them about the attitude regarding

maximum use of our land base, using it for one activity to the detriment of many other legitimate users.

Hon. Mr. Baetz: Unfortunately, I have listened to some of those dissertations. I do not accept them. I really think, though, that a shift is gradually occurring in public attitudes on this. Communities are beginning to say, "Hey, wait a minute. Tourism has some economic payoff. Simply cutting down the forest or digging out the iron ore is not the only way. Tourism does bring along with it some economic values." I think time is on our side and we are going to try to accelerate this trend.

The Vice-Chairman: Mr. Miller wants the last word.

Mr. G. I. Miller: I have a few questions I would like to ask.

The Vice-Chairman: We shall wait until next

Tuesday then. If you will remind us on Tuesday, you will be the first up.

Mr. G. I. Miller: I might add for Mr. Stokes' benefit, though, that there is room for commercial fishing and sports fishing if they are properly managed. I should like to go into that a little further on Tuesday night.

Mr. Stokes: In certain areas.

Mr. Eakins: I have just one quick word before signing off. I hope we can all co-operate on our last evening. I think there is only one more session and it is only fair we give ample time to recreation, sports and fitness as they are a new part of the ministry.

The Vice-Chairman: We shall try to make that allocation on Tuesday night so that we balance it off.

We will adjourn until next Tuesday evening.

The committee adjourned at 10:23 p.m.

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From the Ministry of Tourism and Recreation:

Boyer, F. J., President, Minaki Lodge Resort Ltd.

Laschinger, J. G., Assistant Deputy Minister, Tourism Division

Sloan, J. R., Deputy Minister



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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Tourism and Recreation



Second Session, Thirty-Second Parliament
Tuesday, November 16, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, November 16, 1982

ESTIMATES, MINISTRY OF TOURISM AND RECREATION (concluded)

The committee met at 8:05 p.m. in committee room 1.

Mr. Chairman: I call the meeting to order. At the last meeting I think Mr. G. I. Miller was next to speak, still on vote 2602. This is the last evening on the total estimates, and I believe we wanted to make sure we reserved some time for the recreation wing of the ministry. I am open to any suggestions, if everybody would like to bear that in mind.

Mr. Eakins: Mr. Chairman, I think the important thing is that we do have some time for the part of the ministry that is new to most of us; that is, sports and fitness. No doubt there are some other areas the members might have questions on, but I hope we will leave some time to recognize that part of the ministry which I think is very important.

Mr. Chairman: Has the third party indicated any preference, do you recall? I was not here at the last meeting.

Mr. Eakins: I think it was left open. The New Democratic Party critic agreed that we should certainly leave ample time for sports and fitness.

Mr. Chairman: Shall we carry on then? If it does not appear that the chair is leaving enough time, I am open to be jogged at any time during the proceedings. How's that?

On vote 2602, tourism development program:

Mr. G. I. Miller: Mr. Chairman, I think I expressed a few things as the minister was making his opening statement. One thing that really came to my attention, as our critic the member for Victoria-Haliburton (Mr. Eakins) indicated, was that we need better facilities, and we cannot promote our facilities too much.

I would just like to run over the fact that we did spend a little time at Algonquin Park. There are exceptionally good washroom facilities there at the park entrance, as I brought to your attention before, but the day we happened to be there, Thanksgiving Day, they were closed.

I would like the minister to give some consideration to maintaining those facilities on a

yearly basis. Algonquin Park is probably one of the best parks anywhere in Canada. It seems to me that when we have to use outside privies, particularly at the entrance to a park of that magnitude, in today's world there should be some consideration along that line.

We did stop at the gate and ask why the facilities were closed, and we were told it was a matter of getting ready for winter. That particular day there were a lot of people visiting the park, and I think it left a very poor image with those people who were using those facilities in the park itself.

We did take a little trip back into the park, maybe 15 miles. I am not sure of the name of the resort where we had lunch, but it was approximately 10 miles off the main highway. They had good facilities. Their operation was providing either day or week accommodations and canoeing trips. One could spend a week at reasonable rates, and we were really impressed with the overall facilities offered.

I don't think we can expect public gas stations to provide all the restroom facilities along our highways, particularly in that area. I draw this to the minister's attention and maybe he could give it special consideration.

My colleague the member for Lake Nipigon (Mr. Stokes) mentioned fishing in the northern lakes, for example, Lake Superior and Lake Nipigon. I want to point out to him that Lake Erie provides 75 per cent of the freshwater fish for Ontario and is fished commercially, with areas set aside to provide and protect the spawning grounds.

I believe commercial fishing is just like farming. When fishermen are allowed to fish on a controlled basis they take out the weeds, one might say. Lake Erie and those freshwater areas can produce a lot of jobs on a commercial basis. They can also make it better for the sports fisherman with proper management.

The member indicated approximately 5,000 pounds of fish were taken out of those northern lakes. I think the potential there has to be greater than that as far as the commercial fisherman is concerned. What we really have to zero in on is protecting the spawning areas and regenerating the waters there. I know people

come from the Lake Erie area to fish in Lake Superior and they are getting considerable catches of whitefish, providing again for the commercial market. I suspect sports fishing is going to increase. It does play an important part as far as the overall economy of Ontario is concerned. In a time when jobs are needed, we have to consider that. I think Lake Erie can set a good example by providing those jobs along with sports fishing.

I want to give an example. In Long Point Bay, which is the designated area for regenerating, only sports fishing is allowed, particularly out of St. Williams, where they do have ice fishing in the wintertime and one will see as many as 500 to 600 huts sitting on Long Point Bay. People from a wide area, probably from all over southern Ontario, come down and spend a day fishing there. Commercial fishermen are not allowed, but sports fishermen are.

I would like to see that promoted, but what I am really saying is that Lake Erie has produced about 40 million pounds of fish over the past, I suppose, 100 years. They have not been all the same kinds of fish. I can recall whitefish in Lake Erie. There are considerable catches of perch at present, which is a speciality, particularly in the little towns along the Lake Erie shoreline and in Port Dover. People will come to places like the Cove Room in Port Dover, and many other eating establishments in Port Dover, just for that reason: to have a platter of perch and perhaps a beer along with it.

Smelt has come along to take the place of the whitefish, and we have an exceptionally good market for smelt in Japan. They fast-freeze them at Port Dover and Leamington, and then they are shipped directly to Japan. As a matter of fact, it was only last year the Lions Club was entertaining some people from Japan and twinning with a municipality there. The people who came over were importers of smelt. They had a firsthand look at the facilities, how the smelt were processed and how they were packaged.

At a time when we need jobs, we have to make sure our waters will produce on a commercial basis, and I think they will. For the benefit of the member for Lake Nipigon, while I know sports fishing is important, there is a place for both to respond to those needs.

There is one other concern and maybe the minister could be of some help. I refer to the development of our tourism facilities through the use of the tourism redevelopment incentive program. Is that still available to people who would like to build motels? Let me use an

example such as Port Rowan in our area at the foot of Long Point. We have Port Royal, where the wild geese and the wild ducks migrate in the spring and in the fall.

Port Rowan itself has tremendous potential as far as tourism is concerned and, as far as an attraction with the Long Point Region Conservation Authority is concerned, there are 500 or 600 acres set aside at the Backus Conservation Area. We have provincial parks on Long Point. We have good beaches but there are no motel facilities. With the proper incentive through TRIP, the Ontario Development Corp. or through the low-interest program, perhaps those facilities could be provided.

I realize they are perhaps going to be used only in the summer, which is the main season, but with the migration of the birds in both spring and fall, that is an area that could use a motel facility. With some help from the Ministry of Tourism and Recreation, perhaps that could come about through a low-interest loan program.

The question I am asking is whether the tourism redevelopment incentive program is still available. What does that mean to those operators, and is it available to stimulate tourism in that area?

I might point out that Port Rowan is 25 miles from Tillsonburg, which is the closest area with motel facilities, or from Simcoe, which has several motels and good facilities. But it is 25 miles either way. If they really wanted to help the area of Port Rowan, if there were somebody who was willing to establish there, would these programs be available and at what interest rate?

8:20 p.m.

As far as tourism is concerned, I realize there is the Niagara Parks Commission and the St. Clair Parkway Commission but in the past three years they have been able to establish the Talbot Trail along Lake Erie and old Highway 3. It is only this year that it has been marked on the road map for Ontario. The Talbot Trail is clearly marked out. The Minister of Transportation and Communications (Mr. Snow) has been very co-operative, as has the Minister of Natural Resources (Mr. Pope). The Minister of Tourism and Recreation has been very much involved.

There is a lot of potential if the Ministry of Tourism and Recreation would take a special interest in the Talbot Trail and improve and assist the many municipalities along the trail. For many who do not realize or recognize where it is, it runs from Detroit to Buffalo, mainly along Lake Erie, and there is a lot of potential

for a lot of people, and not only in Canada; it is only 100 miles from Toronto, Detroit or Buffalo. There is access there for a lot of Americans. There is a lot of interest and history. It could be a main attraction for millions of people if it were properly promoted. It would stimulate the economy in those small communities.

I wanted to bring that to the attention of the minister as he designs the encyclopaedia for travellers in Ontario which, I might indicate, is a good production and well accepted. It could be stimulative and helpful to the overall economy. One other thing that concerns me—it may be getting into the sports end of it but, if I could carry on, I would like to follow through with it and the minister perhaps could respond later—awards for amateur sports in Ontario.

When I first became a member, we were able to get scrolls for championship teams, using the same scroll that is used for anniversaries, 90th birthdays and things along that line. I feel that if we had a special scroll designed for sports achievements—for area champions, not Ontario champions—it would be a good service for our young people.

As a former athlete, I can say that I enjoyed softball and hockey in my younger days. From my own experience, I know that one is only on a championship team maybe once or twice in one's lifetime; it is important that it be recognized. When we were able to get those scrolls, although they really were not fitting for athletic awards, I was always proud and thrilled to have the opportunity of presenting them to the young people who were on a championship team in a designated area. That is something this ministry could do.

I recognize provincial champions are the most important, but one has access to only a handful. I admire those people too. They are exceptional. As a matter of fact, they were my idols. I guess we are going back to Red Kelly says when he played for Detroit. He came from Port Dover and he made it in professional hockey.

There was Roy Edwards, who went across and won with the Whitby Dunlops back in world championships; he came from my riding of Malden-Norfolk. Johnny Edwards, his brother, was one of the finest pitchers in softball in Ontario and won many championships. I had the opportunity of playing with him back in 1958 and 1959. We won two Ontario championships in Ontario Softball Association ball. I was proud because that only happened once in my lifetime.

We can identify and recognize those young people.

The real goal we have to achieve is to make sure that those young people are not caught up in the whirl of our society and that we recognize them. It is one area in which your ministry can play a tremendous role. I would like you to take a look at providing for area championships even on a riding basis, or for southern Ontario at a lower level, so that more young people can have that opportunity.

There are probably some other areas that we could look at but those were the key areas I was concerned about: the facilities at Algonquin Park, the fishing, the incentives for motels and to develop tourism, plus the awards for amateur sports people.

Mr. Chairman: I would ask the minister if he wants to respond. If you could just hold the awards, I would like to carry those other votes before we get any further.

Hon. Mr. Baetz: Mr. Chairman, I would just like to comment very briefly on many of these comments made.

First of all, on the question of the Algonquin biffies or the lack of them or the low quality of them, as you know, I have direct responsibility for the St. Lawrence Parks Commission, for the Niagara Parks Commission and for the St. Clair Parkway Commission, but of course I do not have direct responsibility for Algonquin Park or other provincial parks.

Our onus is, as we indicated earlier, to be the advocate to encourage the Ministry of Natural Resources people to do what needs to be done to make the tourists' stay a pleasant one. We have noted your comments on the lack of the facilities there and we will certainly take that up with them again.

On your observations and the questions you raised about the tourism redevelopment incentive program, or the broader question of the ministry's activity, we are helping through loans, loan guarantees, forgivable loans, one financial measure or another, of which TRIP is only one of several. That, of course, is a major part of the ministry.

I was interested, the other day, to note that in the last several years, largely through the stimulation and initiative of this particular ministry and the Ministry of Industry and Tourism before it, that over the last few years the provincial government—through the Ontario Development Corp., the Eastern Ontario Development Corp. and the Northern Ontario Development Corp., through a number of these

agencies—actually made, on average, \$91 million available through a whole variety of programs to resort operators, motel operators, small hotels, marinas and a whole series of tourist facilities.

That is a rather incredible amount of money to be directing to the tourism industry. I think it is particularly important, and you referred to TRIP, that it in itself has, in the last several years, made available over \$35 million to over 108 small facilities, mainly operations mainly, which has generated a total investment of \$75 million. It has been a very large program and an important one because while a limit of a \$5,000 loan guarantee to the Royal York might not be a great deal, it is certainly a very substantial source of assistance to the very small operators. It is the small operators who still make up the backbone of the tourism industry in Ontario, the type that you have mentioned.

If you would like to have a few further details on TRIP or the other loan and financial incentive programs, certainly Mr. Laschinger, the assistant deputy minister, is here and he would be pleased to fill you in on it. In a general way, it is an important part of the ministry. To respond to your specific question, TRIP is still available, as are other programs, and it will continue to be available.

8:30 p.m.

In line with that, I was very interested and very encouraged to hear the results of a survey that my ministry did some weeks ago with resort operators. We are not necessarily talking about motel operators. We are talking about resort operators in this case.

Of the survey made among resort operators throughout Ontario, about half of them have indicated they are planning some kind of capital improvement in the next year. I dare say many of them have already approached us, have made application for assistance and have received it.

When you think that half of the resort operators in this province are planning some kind of capital expansion in their facilities next year, I think it is a very encouraging barometer of the tourism industry here. I doubt if that kind of capital planning could be found in many other industries in the province, throughout Canada, or in the United States or Western Europe at this time. I think the tourism industry is in pretty good shape. I think it is certainly very optimistic about the future.

To go back to the point of your question, which was whether the tourism redevelopment incentive program is still available, it is avail-

able. Not only is TRIP available but so are a wide range of other programs, some of which do not appear in my estimates because we are not permitted to make loans in the ministry. The Ontario Development Corp., the Northern Ontario Development Corp. and the Eastern Ontario Development Corp. are able to make loans; we are not. Certainly it is this ministry that is the initiator, along with the operators themselves, and that sets these things in motion. It is very much a part of our ongoing program.

On the matter of fishing, and I have heard you mention this before, every time you say that fishing in Lake Erie is good, that is certainly most encouraging from a tourism point of view because I can remember five or 10 years ago when a lot of us thought that we had caught our last fish on Lake Erie. It was in very bad shape. It is now most encouraging to hear you and other people talk about the increasing catches there. It is not only good news for the commercial fishermen but certainly good news for the tourism fishermen as well.

I know the member for Lake Nipigon is listening very closely to this and I would have to say, and I will say it before he will, that for the trophy fish, magnificent muskies and so forth, you still have to go up north. If you want to catch a lot of fish, and the Northern Ontario Tourist Outfitters Association, whom I will be meeting with next week, will tell you this too, go to Lake Erie. If you want to catch a truckload of fish, go to Lake Erie. If you want to catch trophy fish, come up north.

We will let them debate that one. I think in both places there are increasing opportunities for fishing from a tourist viewpoint.

Mr. G. I. Miller: I think they caught a muskie out of Lake Erie not too long ago that weighed 175 pounds. I do not think even up north you will find that.

Hon. Mr. Baetz: We will let the member for Lake Nipigon defend himself—

Mr. Eakins: It was a tourist.

Hon. Mr. Baetz: Maybe it was a tourist from northern Ontario who dumped it in the lake, I do not know.

Mr. Stokes: There are people up north who use spare hooks too, but they are illegal.

Mr. G. I. Miller: I did not want to let that pass. I knew what he was thinking over there. Can I ask one more question about the TRIP program? Are the tourism redevelopment incentive program and the tourism term loan, which is fo-

another low interest program, still available and how do they work?

Mr. Laschinger: There are two programs we are talking about here. The tourism term loan program is a program that has been in place for the tourism ministry since 1971. We make loans at the rate of two points below the Ontario Development Corp. lending rate. If the Ontario Development Corp. lending rate is 15 per cent, the tourism term loan will be 13 per cent. So the loans are always two per cent below ODC's going rate.

We have given out almost \$82-million worth of loans to 786 operations in the 10 years that the program has been going. It is a straight commercial loan, other than the two per cent point concession. There are no other conditions. ODC takes collateral: a mortgage back, a second or third position, whatever it might be.

Usually we are a little easier about saying yes or no. I say "we"; that is ODC is a little easier in that they are not as tight or as tough as a bank. In effect, they are performing a role of a development corporation rather than that of a bank looking for the blue chip security or the blue chip asset.

The second program was the tourism redevelopment incentive program which was put in place in 1979 and it is a guarantee program. In other words, the bank gives the loan, we guarantee 90 per cent of the loan and we provide a five-point subsidy for the first five years. So if you were to get a loan for \$500,000, which is the limit of the program, normally the bank would charge you 14 per cent; but you would pay nine per cent for the first five years and after that in the sixth year you would pay 10 per cent, in the seventh year 11 per cent, in the eighth year 12 per cent, until, by the end of the 10 years, you would be paying normal rates.

We have two philosophies in mind. One is that by providing the interest subsidy at the front end, we are helping an operation which is doing a modernization or an expansion when the dollar return is not as easy to come by. In other words, if you build an addition it might take some time to get your marketing up to speed, or it might take some time to start making a return on that investment. So we are trying to help at the beginning of that investment.

Secondly, our philosophy is we are trying to help people who are prepared to help themselves. So we are interested in the leverage that we can achieve from the private sector. For the \$35 million the minister referred to that has been our guarantee—we have guaranteed \$35

million just over three years now—\$76 million has been invested in total. In other words, for the \$35 million we have put up, the private sector has put up close to \$40. So, it is a partnership arrangement. We are pulling out private sector investment with our guarantee and we think that is a pretty good way of doing business.

Mr. G. I. Miller: What is the upper amount on the low interest loan program? Is there an upper level? Is that the same principle?

Mr. Laschinger: To date, \$500,000 has been our limit on both TRIP and on the term loan program. As we said, the minister asked us to do an evaluation of the mechanisms we have to help the industry. That small task force has made some recommendations to me, I am in the process of making them to the minister and I would hope that we might be able to make some adjustments to the programs.

Mr. G. I. Miller: Is this for resorts like motels, hotels and that kind of thing?

Mr. Laschinger: It is for everybody who qualifies for a tourism loan: attractions, resorts, fishing lodges.

Mr. G. I. Miller: Marinas?

Mr. Laschinger: We have had some marinas, yes, where there is a significant tourism component. If it is a marina that caters to domestic traffic only and where there is no access for the tourists, then we tend not to get involved in those kinds of proposals.

Mr. G. I. Miller: If a marina operator wanted to build something in the Dunnville area on the Grand River, which would be useful for utilizing the Grand River to Lake Erie, would he be eligible for a program of this type?

Mr. Laschinger: Is this a hypothetical situation?

Mr. G. I. Miller: Yes, I suppose you could call it that.

8:40 p.m.

Mr. Laschinger: We would be happy to look at it. In most of the applications we do not authorize the loan, ODC does, and it operates through an independent board of businessmen and businesswomen from across the province.

Mr. Stokes: Those estimates start tomorrow morning at 10 o'clock.

Mr. Laschinger: That is right. We are asked for our assessment from a tourism point of view, not from a financial—

Mr. G. I. Miller: Okay. You have to justify that.

Mr. Laschinger: That is right. They look at the financial aspect in the business case and the track record of the businessman. We look at whether it makes sense from a tourism point of view. If it does, we support it, and if it does not, we do not support it.

Mr. Newman came in about two seconds ago. He asked a question in the very first meeting of the estimates he sat in on. I am not saying you have not been back since, sir, but I did want to answer the question.

Last year, we put \$708,000 worth of expenditures in media advertising into the state of Michigan to attempt to attract people from Detroit and from the rest of the state. That represents about 20 per cent of our US advertising which goes into the state of Michigan. So we recognize the potential. I did want to get back to you and clear up, or at least answer the question you had raised.

Mr. Newman: You have answered only part of the question. If people in the state of Michigan generally know about Ontario, you have to step a little beyond the borders of the state of Michigan. In addition, we appreciate what you do in the state of Michigan and I also understand that you cannot spend all of your funds there. But I do really think that when you have 50 million people within one day's drive of great Canada, you should be looking at it very seriously. I am not saying that you do not, but maybe you do not put sufficient emphasis on that in an attempt to attract the American dollar, especially now when their dollar is worth anywhere from 18 cents to 25 cents more than ours.

Mr. Chairman: Maybe you can give me a little bit of direction. I have Mr. Eakins and Mr. Williams. I assume both of you gentlemen are on vote 2602.

Mr. Eakins: I just have one question because I do want to get on to something else.

Mr. Chairman: Are you on vote 2602 as well?

Mr. Williams: Yes.

Mr. Chairman: Are we ready to carry vote 2603? We discussed that one, I gather, last day. Okay?

Mr. Eakins: I want to ask the minister, what part will the ministry be playing in regard to the promotion of snowmobiling in Ontario? I want to refer to one paragraph in the Haliburton County Echo which pretty well sums the situation up, because that is right in the heart of the Ontario snowmobiling country.

It says: "Snowmobile clubs in Ontario have been caught in the middle of a power struggle.

Two provincial groups, the Alliance of Trail Building Clubs and the Ontario Federation of Snowmobile Clubs, want to be the sole group representing the interests of snowmobilers.

"Here in Haliburton county, the Haliburton County Snowmobile Association has opted to join the alliance while the other clubs in the county have decided to remain with the federation. At issue are the questions of club funding, problems of access to trails and membership fees."

I wonder if you could say what part your ministry is playing since they were originally funded under the Ministry of Natural Resources but were dropped last year. It is a big part of tourism in Ontario. What part is your ministry going to play in trying to resolve the allegiance to two clubs?

Mr. Chairman: Minister, we got a little signal that we have to go and vote. Do you wish to hold the response?

Hon. Mr. Baetz: If we have to go to vote, I will be happy to respond right after the vote, yes. We would hate to miss that vote.

Mr. Chairman: Okay. We will go and vote.

The committee recessed at 8:44 p.m.

9:10 p.m.

Mr. Chairman: Minister, when we recessed, you were preparing to respond to Mr. Eakins, I believe.

Hon. Mr. Baetz: Mr. Chairman, I will be very brief on this subject. I think most members of the committee know that the two snowmobile groups, the Ontario Trail Builders Alliance and the Ontario Federation of Snowmobile Clubs, have been at odds for the last number of years. They disagree on a number of issues.

At any rate, we continue to promote snowmobiling as a very significant part of the winter experience in Ontario. Snowmobiling is featured in our new winter book and in our newspaper ads. Winter advertising now represents 20 per cent of our marketing budget, so members will see that we are continuing to promote the sport. One could go on indefinitely on this subject but I think that reflects the stance of the ministry at the present time.

Mr. Chairman: I remind members we are trying to get to vote 2604.

Mr. Williams: Mr. Chairman, I have just a couple of quick questions. One focuses on tourism in the Metropolitan Toronto area. My recollection is that tourist dollars are generated in the Metropolitan Toronto economy; the

figure of some \$80 million, annually, sticks in my mind. I am not sure if that is an accurate assessment of the amount of money generated through the tourist industry in the Metropolitan Toronto area.

While support for the individual tourist operators and the small operators identified earlier by Mr. Miller is not as readily identifiable in a large metropolitan complex like this, nevertheless, there are, along with the CP hotels, the Westin Hotels and the other biggies, a lot of smaller operators who have facilities on the periphery of Metropolitan Toronto. What efforts are being made to give support to the smaller operators that escape being clearly identified as being within the large metropolitan complex?

Toronto has the reputation of being one of the best convention cities on the continent, but to what extent are we able to assist the smaller operations in the Metro Toronto area? They are competing with the big operators, who obviously do not need the support of government tourism loans or the tourist redevelopment incentive program.

I wonder, too, what liaison we have with the Metropolitan Toronto Convention and Visitors Association, which seems to be the lead group in the promotion of tourism and conventions in Metropolitan Toronto.

One of the significant, tangible things we are doing through the Ministry of Industry and Trade is the convention centre complex which you were originally involved in, I believe, Minister. Because that is now out of your jurisdiction, you may feel you cannot comment on that specific project, but I wondered what, specifically, is being done to support the private operators in the Metropolitan Toronto area.

Having asked that general question, I wondered, also in connection with that and the operations of the Metropolitan Toronto Convention and Visitors Association, further to your discussions the other day on the inappropriateness, as suggested by some members of the committee, of having the information centre in the Macdonald Block and that perhaps it should be located in the main foyer of this building, what success have we had with regard to our facility in the Toronto Eaton Centre? Is that the storefront type of operation that has proved to be successful? Have we maximized our advantages in using that facility, or has it not come up to expectations?

The third point I want to touch on was your reference earlier to the different information centres at the border points and to locations in

some of the areas leading out of Toronto, such as along Highway 400 in Barrie. It has always been a wonder to me why we have never had such facilities on the approaches to Toronto for people coming, not necessarily through border points like Detroit and Fort Erie and Niagara Falls, but from other directions; why there have not been information centres on the outskirts of the metropolitan area such as the 400 approach and the 401 from the west and the east.

We seem to have them in areas leading up into our traditional north country to serve the summer trade traffic, but I am not sure that anything has been specifically established to assist people coming from other provinces and directions other than the border points who are coming to Metropolitan Toronto and would like to get information before they get caught in the traffic jams of Metro Toronto itself and are at a loss to find out exactly where they are and where the best accommodations are.

The last point I had for the minister was with reference to our discussions the other day, when I had asked what the policy was in conjunction with the promotion of Ontario as a place to discover and the use of the Ontario flag as our logo and I suggested that it was not as prominently displayed and used as it might be on government and public buildings as well as by the private tourist operators.

The minister may recall he suggested that we can only encourage the private operators to display the Ontario flag, to live up to the expectations of the Americans particularly and people from other countries who come here and expect to see that logo while travelling about the province.

You suggested that all the government buildings have the Ontario flag flying so there is no problem there, but within a stone's throw of where we are sitting this evening, I may have made too quick a survey, but I could not find any flags flying from the Whitney, Macdonald, Ferguson or Hepburn blocks, or the Mowat or Hearst buildings. I do not recall seeing one on the Royal Ontario Museum. There may be one down at the Hydro building but I have not found it yet. The University of Toronto is a public institution; I do not recall seeing an Ontario flag over there. Maybe I was walking too fast and missed the locations, but I thought if we were flying our own flag it certainly would be prominent within yards of Queen's Park. Maybe the minister could clarify that for me. Those are the points I would appreciate a response to.

9:20 p.m.

Hon. Mr. Baetz: Mr. Chairman, I know that you and the committee want to press on so I will be very brief in response. On the issue of Ontario government flags, I think the member raised this before on one of our first evenings of sittings. We are taking that seriously. We are taking that under advisement and will look into it and see what can be done.

Of course, as he knows, as far as the flags on government buildings are concerned, it is the Ministry of Government Services that is responsible. I would hope the member would not be too pessimistic about not seeing too many Ontario government flags flying if he took his spot survey after sunset, because, you know—

Mr. Williams: No, I was not.

Hon. Mr. Baetz: —they do lower them after sunset.

Mr. Williams: This was at high noon.

Hon. Mr. Baetz: Quite seriously, we are going to look into the question raised by you about the use of Ontario flags flying on public buildings and facilities under the jurisdiction of the ministry.

On the matter of the information centre at Eaton Centre, I can tell you that is certainly a huge success. I would also say that even since the other night when the member for Lake Nipigon raised the question of information centres coming into this building, we have taken some steps and I can tell you that so far it is very encouraging. We may even have a Christmas present for the member for Lake Nipigon and for all the other members of the committee who want to see a little more of the Telidons in this building.

As I indicated the other night, this is within the prerogative of the Speaker. We do respect the Office of the Speaker very much and we must clear it there. As far as we are concerned we have taken some steps and I think we will be able to follow up on what I think was a very valid, worthwhile suggestion.

On the matter of assistance to small operators in Toronto, I will ask the assistant deputy minister, Mr. Laschinger, to comment on that. As I indicated earlier, certainly much of our—

Mr. Stokes: Don't do that. We will never get to sports and recreation.

Hon. Mr. Baetz: I will urge Mr. Laschinger to be extremely brief as he tries to answer that very relevant question.

Mr. Laschinger: What is sports and recreation? Very briefly, as a policy matter, we have not put any financial assistance through the term loan programs into large urban centres for

tourism. Frankly, we just don't have enough money and resources to help all of the private sector needs. If we attempted to assist one small hotel in one small urban centre, we could not match the demands for the resources and we would have no way of saying no to anybody else.

Mr. Williams: Have any initiatives been taken at the local level here in Metro Toronto by the smaller operators to approach you, or are they agreed that it should be directed more towards the northern operator?

Mr. Laschinger: No, there have been no efforts and, frankly, the one vehicle that is open to many of them is the Federal Business Development Bank loans offered through the federal government for facilities or for capital equipment. That route up until now has satisfied them. In terms of our support, however, our support has been through marketing. For instance, we provide \$85,000 a year to the Metropolitan Toronto Convention and Visitors Association for marketing and for organization support. We are in the process now of doing a \$100,000-plus co-operative magazine venture with the city of Toronto through the convention and visitors association—

Mr. Williams: Toronto or Metro Toronto?

Mr. Laschinger: It is Metro Toronto. The convention and visitors association is a creature of the metropolitan government, and there are over 1,000 members I believe in the city and environs. We are doing a New York magazine insert in January on a co-operative basis as a pilot project to see if that might not help the business in this city.

Mr. Williams: This is being done in conjunction with the Metro Toronto convention and visitors organization?

Mr. Laschinger: And with the private sector in Toronto.

Mr. Williams: What about those information centres, or lack of them, approaching the Metro Toronto area?

Mr. Laschinger: We have one in Barrie on Highway 400 coming into Toronto and we have—

Mr. Williams: Going north, that is going out of Toronto.

Mr. Laschinger: It is a little tougher to get to coming south. You have to be imaginative.

Mr. Williams: You would have to agree it is designed to catch the summer traffic going north.

Mr. Laschinger: And with the private sector Toronto.

Mr. Williams: What about those information centres, or lack of them, approaching the Metro Toronto area?

Mr. Laschinger: We have one in Barrie on Highway 400 coming into Toronto and we have—

Mr. Williams: Going north, that is going out of Toronto.

Mr. Laschinger: It is a little tougher to get to coming south. You have to be imaginative.

Mr. Williams: You would have to agree it is designed to catch the summer traffic going north.

Mr. Laschinger: I am working with the Ministry of Transportation and Communications trying to improve the southbound situation. Of course we have the seasonal centres on Highway 401 which operate from May until September when the majority of traffic is on the highways. I wish we could have more year-round centres. Restraint and other things, both in staff and capital costs, mean we have not had the luxury of opening up more year-round centres, although we have opened up three in the last two years.

The Eaton Centre has been a success beyond our wildest dream. Most people have been pleasantly surprised. For something that was built as a shopping centre, it has turned out to be one of Toronto's biggest attractions.

Mr. Williams: Just one last point, even though it is outside the jurisdiction of the committee. Do you have any feedback from the Ministry of Industry and Trade on the status of the convention centre, as to whether conventions are being booked for the future and what the prospects are?

Mr. Laschinger: I have some numbers, but they are a little outdated now. They had about 400-million worth of business booked as of three or four months ago. Conventions have been booked right through until the mid-1990s. For recreation, sports and fitness, the good news is that once they get all the financing approved we will have the world's biggest swimming pool down there. It is already dug. The future for that is very promising in terms of the business that has been booked. It will be a great support for tourism.

Vote 2602 agreed to.

Vote 2603 agreed to.

On vote 2604, recreation, sports and fitness program:

Mr. Chairman: We had one question on the table from Mr. Miller. I have Mr. Stokes and Mr. Eakins and we will go from there. Mr. Miller had asked about awards.

Hon. Mr. Baetz: That was awards for sports achievement. I think we can cover that when we get to sports.

Mr. Chairman: Where are we now?

Hon. Mr. Baetz: This is tourism.

Mr. Chairman: I just carried those.

Hon. Mr. Baetz: What are you on to now?

Mr. Chairman: Vote 2604.

Hon. Mr. Baetz: You have left tourism?

Mr. Chairman: Yes. Did you have any other comments on tourism?

Hon. Mr. Baetz: I know we are short of time. Just before closing the debate on tourism, I would like to make one very brief point. On the outside, externally, as a ministry we are seen mainly as a promotion, marketing and advertising operation. I might add, by the number of national and international awards we have received lately for our advertising, we are viewed as very competent and professional marketers.

However, I view our advocacy role on behalf of the tourism industry as equally important, although often less visible. My tourism consultants in the field, backed up by able support at head office, tackle policy issues in specific situations which have a direct impact on our tourism clients. Often through their intervention we are able to satisfactorily negotiate and resolve delicate situations to the benefit of all the government's client groups. At the moment I am thinking particularly, but obviously not exclusively, of the Northern Ontario Tourist Outfitters Association which is meeting next week and whose meeting I will be attending along with the Minister of Natural Resources.

I just want to assure the committee that I intend to continue that course of action as an advocate, as a matter of high priority.

9:30 p.m.

Mr. Chairman: Could we move to Mr. G. I. Miller's question on the awards?

Hon. Mr. Baetz: Mr. Chairman, I can reply to that briefly. By January 1, 1983, we will have in place a provincial recognition certificate which will be available to honour community, area and regional champions. I think that fully covers the concerns the member had.

As you know, we have been honouring and providing awards for champions at the provin-

cial, national and international levels at our sports achievement awards banquet, but we fully intend to provide this kind of much-earned recognition for athletes who have achieved honours at the regional, local and community levels.

Mr. G. I. Miller: What form is this certificate? Is it the average thing or is it with a solid background?

Hon. Mr. Baetz: It will be an appropriate certificate and they will be appropriately recognized.

Mr. Stokes: Mr. Chairman, with the amount of time that we have remaining in these estimates, I want to assure the minister and his assistant deputy minister, Mr. Secord, along with Mr. Wittenberg and Mr. Halstead, whom I do not know, that the fact we have less than an hour now to discuss a request for expenditures of \$44 million certainly does not reflect my indifference to what is going on in this branch of this ministry.

I suppose it is a reflection of the way in which the sports and fitness and recreation branches of this ministry operate when we have not got to them much sooner. Trouble usually attracts attention and I am sure that if we felt there was any trouble in these branches of the division we would have been there much earlier. I think it is a tribute to the people who have been in these programs for a good many years really, although they have changed ministries, that we have not asked for more time to criticize. I find very little to criticize in the activities of the recreation, sports and fitness programs. Most everything that I can think of is of a positive and complimentary nature.

I pay tribute to the ministry and particularly to Mr. Secord and his colleagues in the sports and fitness branch for the excellent job they did in assisting the city of Thunder Bay in the sponsoring of the Jeux Canada Games. I had the privilege of being there on opening day and on two or three occasions during the course of the games. I think the city of Thunder Bay was able to put its best foot forward and make all athletes in Canada welcome as a result of the excellent co-operation from this minister, and I wanted to make a public statement to that effect.

I am also at one with the minister in his reference to the kind of success that Canadian athletes enjoyed at the Commonwealth Games down under. I do not think we need to take a back seat to anybody in the performance of our

Canadian athletes. While we as Canadians can be third in the overall medal standings, it was not because Ontario let the side down at all. I think our athletes represented us extremely well, and it was as a result of the programs we have here to assist them in achieving excellence in the various sports.

We have a track and field centre at York University, a coaching development program, assistance to sports governing bodies, subsidies for summer games and regional sports council. All of this, in large measure, has resulted in the excellence our athletes achieve.

I want to spend a little time speaking about the elite athletic assistance program. It obviously works very well in the areas it serves. I realize there is only so much money to go around but, wherever we have a young athlete with exceptional potential, we have a collective responsibility to assist that young person. There is no such program in Ontario that I am aware of. I have spoken to your regional people, and did not meet with much success. There is a little bit of travel assistance to an exceptionally talented young person to come down here to get the kind of coaching he requires to continue his progress and to be competitive provincially and nationally.

I know of a young chap who I am told is exceptional in the field of gymnastics. He comes from Terrace Bay, where the assistant deputy minister presided at the opening of an excellent sports facility in that community. His name is Danny O'Keefe, and I am told he is an exceptional athlete for his age. He is now 13 years old.

The first time he ever competed in southern Ontario was at his own expense, and he was accompanied by his mother. He did extremely well, given the fact that he had very little formal coaching or training; he was just a natural at it. They have come down at every opportunity made available to them at their own expense.

I spoke to the father about a week ago and they had received a little bit of assistance with the travelling, but nothing else. Danny is still a little bit young to find his way from Terrace Bay, which is his home, all the way to Thunder Bay and fly down here, find his own way down here to live alone and find his way around to wherever he has to go.

I am just using this as an example. I am not talking about a lot of money, but about a program that will assist a youngster like that who has excellent potential. Although I did not talk to him directly, it was relayed to me that

one of the gymnastic coaches down here said that if he were given the proper encouragement and training, he had the potential to be of national and even international calibre.

When the minister replies, I would like him to tell me something more about the élite athletic assistance program and whether funds could be made available, not only for hopefuls but also for people who show exceptional promise and have great potential, to assist them to come down here where the coaching and training facilities are or to have travelling coaches and instructors if, in your assessment of the situation, it would be more advisable to do it that way.

It would be a terrible tragedy if we had youngsters with great potential and, because the facilities were not available or too remote or expensive, these people did not have an opportunity to show their skills.

9:40 p.m.

I also want to ask the minister about fitness programs. I have some knowledge of the human kinetics programs in many of our universities, particularly the excellent one at Guelph. A member of my family went through that excellent program. You even mentioned in your opening comments that there were a good many businesses that realized the advantages of having employees who were physically fit. It made them more mentally alert and they were much more productive.

I am wondering whether, as an adjunct to your fitness program, you are encouraging people to get into human kinetics courses as a result of the prominence that sports medicine now enjoys for a variety of reasons. I wonder whether you think it advisable, since the sporting fraternity is getting into human kinetics and sports medicine in a big way and has done for a number of years now, and business seems to be getting into it, that government should play a more prominent role, not only in encouraging it but also in getting into it itself. A good many of us around here—not so much the members as the civil servants—lead very sedentary lives. I thought it might be worth while to get into such a program to improve the physical and mental wellbeing of some of the 70,000 employees in the civil service in Ontario. It seems to be something that would be worth while doing.

I also want to make a brief reference to Experience '82, which I see is reduced from last year's estimate of \$2.3 million to \$1.8 million. Mr. Eakins mentioned the snowmobile trails

program. I was interested in that not from a sports point of view but from a very practical and utilitarian point of view. There are some communities in my riding that are accessible only by train, along the north line of the Canadian National Railways, places like Allan Water Bridge, Collins, Ferland and Mud River.

I asked for some assistance under Experience '82 for Allan Water. Your colleague the Minister of Natural Resources said it was a popular program, and you have reduced the amount of money. I think it has been reduced in a good many other ministries as well. The money is oversubscribed; so they are not going to get it. The snowmobile trail is not for people to go out and have a good time, for joyriding; it is the only access to the next community over, called Savant Lake, where they pick up their mail, do their shopping and have road transportation. All they are asking for is a modest sum of money to have winter access to or egress from the community to another community, and we have not made the grade because of that.

I suppose it would be more appropriate to raise it with the Minister of Northern Affairs (Mr. Bernier) or the Minister of Natural Resources, but if you have any money left in this for \$8,000 for a trails program—not for sports, not for recreation, but to provide them access—I would be happy to hear about it.

The last thing I want to discuss, and I do not want to hog all the time, is the assistance you provide to municipal recreation departments. I think this is extremely important. It is a wise and very beneficial use of public funds, because a good many of those people are setting up or attempting to set up recreation, fitness and sports programs in small communities that now have these facilities as a result of the generosity from Wintario funds and the community recreation branch. We find that a lot of those communities are raring to go but they really do not have much local expertise to get maximum benefit from those facilities.

I think this assistance to municipal recreation departments and the funds they can get for operational grants through various programs under the auspices of this ministry are worth while, because in a good many communities, particularly my own home town, where senior citizens are using those facilities and they think they are just the greatest thing since sliced bread, it is important that we make maximum use for the benefit of all people of all ages, and I see various ways in which your ministry can assist those people.

I am not suggesting that you should assist them financially in addition to the capital funds you have put up front to assist in the construction of these excellent facilities, but I think you should assist them in finding the resources and gaining the expertise to make maximum benefit of those facilities. A lot of the operating grants are going to have to come through local initiative and local sources, but there is some assistance from this ministry to assist them in this and, I hope, to help them become more self-sufficient, because you can appreciate that the more you use those facilities the more the operating costs are going to go up.

I do not think I am asking for large amounts of operating grants. The only way they are going to appreciate those facilities is by using their own wits and their own initiative according to a sort of user-pay concept. But it would be a shame to see all these excellent facilities go to waste simply because they lacked the expertise to make maximum use for the benefit of all age classes in Ontario.

I know we have got only 40 minutes left, and the member for Victoria-Haliburton and other members want to get in and pay tribute to people like Mr. Secord, Mr. Wittenberg and Mr. Halstead; so, with that, I will terminate my remarks for now.

Mr. Chairman: Could we hear from others and allow the minister to reply all at once? It might save a little time.

Mr. Eakins: Mr. Chairman, with your permission, I would like to defer to the member for Windsor-Walkerville. I do not think there is anyone in this Legislature who has contributed more to sports and fitness in Ontario than my colleague, in that he took Canada's first gymnastics team to the Olympics, I believe in Australia, and to Russia and other places. I would consider it an honour to defer to my colleague, who I am sure could make a most valuable contribution, especially since sports and fitness is a new part of this ministry. The member for Windsor-Walkerville is a great colleague.

9:50 p.m.

Mr. Newman: Mr. Chairman, I do not want to come along and take credit for what a lot of good athletes did in the earlier days long before government even thought of making any type of contribution, when you had to go cap in hand to industry, to friends or to relatives to raise sufficient funds to take those who had some ability and give them an opportunity to com-

pete, not against the best in Canada, because we did not have any in Canada in those days, but against the best in the United States.

I can recall mentioning in my first speech in the House the paltry \$20,000 that was grudgingly given to fitness. I am fairly certain that Mr. Secord remembers those days going back to the late 1950s and early 1960s. We have seen \$20,000 escalate to the point where today, just in the vote on standard accounts classification you are providing approximately \$43 million. I think it was a good investment. I just regret that the governments of the day, and it was you, stripe of government, fought tooth and nail when it came to investing in the youth of Ontario.

I know from personal experience that we got no competition here. We had to compete against our American friends simply because we were so backward in Ontario. We have taken a good long step in the right direction. Some of the comments I heard by the member for Lakelse-Nipigon are absolutely right. In the earlier days you would not provide anything at all to the athlete. In fact, when I made mention of some assistance, they told me to go ahead and raise it on my own.

I can recall \$20,000 being spent for athletes and, if I am not mistaken, \$100,000 for racehorses. You placed a higher priority on the health of a racehorse and its ability to run around an oval track in any period of time than you did on the youth of our province. That is how much consideration you placed on health and fitness in those days. You did not even teach it in the high schools.

You have come a long way, you have taken the right step and I hope you continue to keep progressing when it comes to our young athletes, because unless we come along and assist them, we will find ourselves forever trailing other countries in the world.

What happens to our good athletes every day? They do not have the opportunities in Ontario or in other parts of Canada. They are gobbled up by our American friends; they are given all kinds of athletic scholarships. I speak from personal experience, having obtained athletic scholarships for the athletes I coached.

It happened to be a sophisticated sport, probably the prettiest and the nicest sport of all, especially when done by the young ladies as opposed to men's gymnastics, which was likewise fairly nice and sophisticated but not to the degree it is today. There was no such thing as safety equipment. In teaching free calisthenics

free exercise as it is called, and competing in the US national championships, we competed on bare floors with not even a canvas on the floor. Probably a dance was being held on that same floor four hours before we competed, and to prevent them from slipping we had our athletes wet their feet so they would at least be able to make contact with the floor and stay in contact with it rather than slip around. I can call taking athletes to the University of Rochester for the US national championships back in the 1953-54 period in a gymnasium where a dance had been held just before the competitions. We did not look upon the youth of the province in the way I thought we should have looked upon them, by assisting them in every fashion we could to prove that we were on a par with, if not better than, the athletes in any other place in the world, including those behind the Iron Curtain, where individuals went into athletics because it gave them the opportunity in those days to come through the Iron Curtain and see what the free world looked like. I can recall conversing with them, not only in Moscow, but in Melbourne, Australia, in Florida and in almost every state in the eastern part of the United States as well as in most provinces in Canada.

However, there is one so-called sport I would prefer to see banned completely and that is boxing. The whole intent of boxing is to knock an individual senseless and win the bout by a knockout. I know there are decisions rendered, but the athlete involved in many instances tactically is told to kill his opponent.

Just the other day, we saw what happened in professional boxing in the United States. I hope God that will not happen in our province. I hope the Ontario Athletics Commissioner, Mr. Gray, who is responsible for boxing, will exercise rigid control to see that the same thing will not happen to our professional boxers.

In the US, the dollar bill is everything. I am not saying it is not the same in Canada; the athlete does not go into boxing for his health but because it is a means of making a fairly good living if he is a good boxer. But there are a heck of a lot of very poor boxers who never make the grade and almost get their brains knocked out. I am very sorry that we should even consider as sport an activity whose sole purpose is to batter one fellow, to knock him senseless. Yet we call that a sport.

It is almost like the old Roman gladiators fighting one another with spikes on their fists. Surely we are a more enlightened society than

that. I would think the province would show leadership by rigidly controlling it at the amateur level—not the adult, professional level but at least on an amateur level. I fear for a lot of the youngsters who get involved. The protective headgear, mouthpieces and so on should be an absolute must. Having seen some of the bouts in parts of the province, the protective measures taken leave much to be desired.

Turning to the subject of athletic scholarships, I do not think this province gives enough scholarships to our athletes. We shun the athletic scholarship, but we must change our attitude if we do not want to lose all of our good talent to our American friends. I have had the privilege of training athletes and can tell you that the young lad who is the coach of the University of Iowa gymnastics team would never have been able to obtain a university education and to practise in his chosen field without the assistance of our good friends across the border who provided him the wherewithal.

The coach of the Florida State University women's gymnastics team is a former Canadian from Windsor and is the only young lady in Canadian history to have been selected Canada's most outstanding amateur woman athlete for three years in a row. If you go into Canada's Sports Hall of Fame here in Toronto you will see the name Ernestine Russell. She is a young native of Windsor whom I had the privilege of introducing into gymnastics and of helping to reach the pinnacle of success. She was the coach of the US gymnastics team last year. However, the team did not compete in the last Olympic Games because of the US boycott.

I could go on ad nauseam when talking about sports and fitness. I am talking of something that I know and have experienced. It is not something that I have read in books. I was there. I know the thrill of walking in Lenin Stadium behind the Canadian flag in 1958. It is a real thrill to be one of the athletes from this side of the Iron Curtain, from the free world, who are allowed to enter competition in that country. We were not a match for the Russian athletes, but at least we learned; whatever competition we entered, we saw to it that our athletes learned.

10 p.m.

In those days, my early days, you would not dare to have boys and girls in the gym at the same time. It was thought horrible for boys to be doing exercises and so forth in the presence of girls and girls doing them with boys. But there

were never any problems with co-educational gymnastics, because the gymnast is a special type of athlete. He is interested in perfection and his sole purpose is to achieve as much as he possibly can and to do the best he possibly can.

I have no further comments, but I want to commend the ministry for going from \$20,000, the amount devoted to athletics back in the 1959 or 1960 budget, to the present amount. It makes me feel good. It makes me think that maybe they listened to me a little in my earlier days.

I want to say that I did do what I am telling you about. Not that I want any credit for it; it is the young athletes who deserve all the credit. I just happened to be the catalyst, the one who encouraged them to enter that type of physical endeavour. Although there are many sports, the one I talk about is, in my opinion, the prettiest, the nicest, the most sophisticated and the most demanding of athletic activities. Others may not agree with me.

Mr. Williams: Mr. Chairman, I have to identify with the comments of the member for Windsor-Walkerville in two respects. First, there is no question that the government has come a long way from the earlier days, before most of us were around here. But the member was here and has seen what was involved. I think both our previous ministers and our present minister have made great strides in advancing the fitness programs that the member said were so lacking in earlier days. A number of those undertakings were identified by the minister in his opening statement and do not need further elaboration. I am sure all members will agree that we are making great progress in that area.

In the other area on which I agree with the member, there appears to be a gap. That is with regard to the athletic scholarships. I have been approached on a number of occasions by constituents who have found this is an area of their development in which they have not been able to achieve at a certain level of performance because there just was not available to them the scholarships that exist in the jurisdiction to the south. I know this matter will also be of interest and concern to the Minister of Colleges and Universities (Miss Stephenson) as it also comes within her jurisdiction. I am sure there has been ongoing consultation between these two ministries.

This is perhaps the only area where I think there could be some improvement made. You may have information that you can bring to us this evening that would indicate some new initiatives are being taken in that area. If not, I

would hope this would be an area that would given priority consideration in the immediate future, allowing for the availability of funds and the need to spread them around among other programs as well.

It would probably be something that would more appropriately come out of another ministry in providing support for athletic scholarships, but I do feel that is one area we can improve upon. I would certainly encourage moves in that direction.

One other point I would like to touch on before the minister responds has to do with recreation programs that were highlighted by the minister in his opening statement. I applaud him in those initiatives as well, because recreation in the broader sense is becoming a much more important thing in our present society than it was in earlier years.

A leisure-time society is evolving quickly. More and more people are finding they have much more leisure time than they had even a decade ago. Industrial technology and knowledge is developing a new society where fewer and fewer people will have to be part of a workforce. They will live a full life of leisure-time activity. This is something it is predicted will come with us by the end of the century. Obviously your ministry is cognizant of this evolving social phenomenon.

There is a matter that concerns me in this country and in Ontario in particular; I think it is mirrored in other provinces as well. We tend to be separating facilities for physical fitness from recreation facilities and leisure-time facilities. We build huge sports complexes that service the whole area and we build other facilities such as libraries and workshops that are separate apart.

In some European jurisdictions, and I look at Switzerland in particular, they have a different approach. They have these small community complexes that provide facilities for both physical activity and leisure-time activities. They have a small neighbourhood type of complex where they have a library, a workshop and small exercise area.

They are more in the vein of the characteristics of a local library except they have all the components attached to them so they are more integrated and smaller facility. They have more of them. They are in almost each community or neighbourhood rather than having one massive sports complex, separating that aspect of fitness from mental fitness and other leisure-time activities that are not of an organized

ture. They are taking a different approach by referring to physical and mental wellbeing in that manner in Europe. It is a little different from what we have here.

I realize from your statement that studies are going within your ministry to deal with this evolving leisure-time society. You may wish to comment as to whether comparisons of the two systems would rationalize our moving in the direction of the European experience, while recognizing what we have accomplished with our present facilities in our cities and towns in Ontario.

Perhaps I will leave it at that and the minister can comment on these points along with those of the other members.

10 p.m.

Mr. Eakins: Mr. Chairman, rather than have the minister reply twice, I am just going to make a short comment. I appreciate the comment of my colleague the member for Windsor-Walkerville. I would like to make a couple of comments. I look forward to learning more about this new part of the ministry and renewing association with Mr. Secord, Mr. Halstead and Mr. Wittenberg. I have known Bob Secord for a long time and I am delighted to see him part of this ministry.

The minister mentioned a while back during the tourism estimates that it was important to have a greater municipal awareness of tourism. It is important, too, that we continue that liaison with the municipalities in sports and fitness. I can recall when the conference on leisure time was held here about 1967. The Premier (Mr. Davis) was then the Minister of Education and I was at that time the mayor of my community. I followed that up with a seminar on leisure time. I realized then the importance of having close liaison with municipalities and government agencies.

I recall also that your field representative for the ministry in that day was a young fellow by the name of Bruce Kidd. In my municipal experience, I do not think there was a better public relations official than Bruce Kidd committed out to the municipalities. He certainly provided good liaison on behalf of the government. I learned a lot in dealing with him and he did a super job for you. I feel many good programs could be developed by keeping good liaison between your ministry and the municipalities.

It is also important with the schools. The member for Windsor-Walkerville spoke of gymnastics, that we should have schools with gym-

nasiums that may be kept busy and open, and that you have good liaison with school boards so there is active use of the facilities that already exist in the communities without having to duplicate them; also, that you should consider having any Ministry of Education expansion in communities tie in with recreational facilities serving the whole community rather than having two separate functions.

That is the main comment I want to make at this time because I do want to give you an opportunity to sum up. Perhaps Mr. Secord might also want to add to that.

Mr. Kolyn: Mr. Chairman, I have one quick question. The member for Lake Nipigon brought up the elite athlete assistance program. Your federal counterpart, Senator Perrault, has suggested specialized training for athletes so we may do well in winter and world games in the future. I would like to hear some comments as to whether you agree or disagree with his approach.

Mr. G. I. Miller: Mr. Chairman, while we are talking about utilizing facilities by the whole community, is the ministry giving any consideration to providing swimming pools along with our school facilities? Personally, I think there are a lot of outdoor pools in communities not connected with the school and they are not being utilized in the few short months in the year. If the long-range plans for swimming pools were in conjunction with the schools so they could be given classes and utilized on a year-round basis, maybe it would add another step in the direction of providing overall training facilities for young people.

Mr. Chairman: It ranks right up there with ski hills.

Hon. Mr. Baetz: Mr. Chairman and members of the committee, I realize we are very short on time and I will try to be brief. I would like to call Mr. Secord in a moment to comment on some of the points made.

I want to lead up to the elite athlete question because most of you have touched on this, but first, I do want to respond to the compliments that you have made to my staff. I would simply like to share your support of them. Bob Secord, Ray Wittenberg, Joe Halstead and many others certainly are a source of great strength for the ministry. They are experts in their field. They are recognized not only in Ontario as being outstanding in their field but certainly in other provinces and beyond our borders, internationally.

Just as you were generous in your compli-

ments to my tourism staff, you have been equally complimentary about the sports, recreation and fitness staff and I do appreciate that. I share your views entirely. It makes life for the minister much easier. My new deputy minister, who brings us all together, is a real joy to work with.

I will lead up to the élite athlete program in a moment but I just would like to comment on the observations of the member for Windsor-Walkerville. I could not agree with him more. We are somewhat of the same vintage and although I did not achieve world status as an athlete as he did, I certainly was very active in hockey, baseball and football. I carry with me lots of injuries, broken bones, fractured bones and everything else that I would not have encountered had I been equipped the way athletes are today.

We were also short on coaching and so forth, but in a nutshell, all of us who went through the 1950s and early 1960s as athletes know the tremendous progress that has been made in this province. I am very happy to be a part of this. There is no doubt that the athletic development in this province has been just phenomenal, not only in terms of the development of élite athletes but also in terms of broader participation.

Just one comment on boxing: Obviously, we recognize boxing as a sport in Ontario. It has an official sports governing body. I have some of the concerns that were expressed by the member, perhaps not as strongly as he has expressed them but certainly, as you know, we are particularly leery about boxing because of the nature of the sport. This is one reason that just very recently we have embarked on a study of amateur boxing in Ontario.

On the matter of athletic scholarships: A number of you—the members for Oriole, Windsor-Walkerville, and others—commented on athletic scholarships. The question I suppose is why do we not have them. You ask, “Is it not too bad that we do not have them because the Americans do tend to steal some of our best and most promising athletes?” I suppose there is some truth to that. We can all cite instances where young men and women have been lured across the border to American universities by sports scholarships.

The subject is one that has been of enormous interest to the ministry and to me. It is far more complex as one looks at it than it may appear to be on the surface. We can recognize this. A committee of university presidents of Ontario, headed by Dr. Douglas Wright, who is now the

president of the University of Waterloo and was a former deputy minister of my previous Ministry of Culture and Recreation, got together on this whole question of athletic scholarships. It may have come as something of a surprise to us that the consensus was not to get into it at that particular time. They felt also we should continue to support athletes who are outside the universities and not just support athletes in the universities; that we should continue our financial support of the development of training centres and continue support of coaching development programs, and that we should continue our support of grants to individual athletes who show some promise, and we are doing that.

10:20 p.m.

Mr. Newman: A grant or a scholarship is the same thing. It is just a different name.

Hon. Mr. Baetz: Frankly, we could make the point that a grant is even more desirable than a scholarship, but it is a big subject and it is something that we are constantly looking at. As you know, for some years the Premier has had a personal interest in this whole question of athletic scholarships. It is something we are looking at, but it is not nearly as simple as it certainly is not the panacea for the development of élite athletes.

I could very quickly comment on the assistance we provide to the smaller municipalities which was raised by the member for La Nipigon. I can only report at this time, and again, I am looking at the clock, that we are revising our regulation 200 which is a program that does provide financial assistance to municipalities. We are trying to change that and to revise it so we can get more funds to smaller municipalities because we recognize the problems that he has pointed out to us.

To get back to the question of élite athletes as Mr. Kolyn has indicated, there had been some press reports, particularly in the *Globe and Mail*, some rather major feature articles on how the federal and provincial governments should work together and should prioritize their programs and limited resources to concentrate more on certain sports, the development of certain élite athletes and particularly those who go to the Olympics.

Certainly the reader would be left with the impression that the federal government has already taken the position that it would concentrate more on the sports that culminated in the Olympics, and that it would do so at the expense of all kinds of athletes who were not training

the Olympics. The article also implied that the provincial governments were also moving in this particular direction. It was implied that we, and particularly the sports governing bodies, were spending more money on administration and not enough on the development of elite athletes. Those articles led me to ask my staff to develop for this committee a statement on the position of my ministry in terms of elite athlete development and how it squares off with supporting athletes of all ages in all stages of their development. Again because of the time, I will not read the entire statement, but I will leave it with the committee members and file it for your purposes here, because I would like to be the entire statement on the record.

I would just like to read several paragraphs from that statement. I will read from page 7 of the statement dealing with elite athletes starting at the entry level. I think it illustrates that the development of elite athletes is not simply a matter of providing a Danny O'Keefe I believe it as—

Mr. Kolyn: Shawn O'Sullivan?

Hon. Mr. Baetz: Shawn O'Sullivan, no. I think Danny O'Keefe from Nipigon was mentioned, as that it?

Mr. Stokes: Terrace Bay.

Hon. Mr. Baetz: I think it illustrates that it is not simply a matter of providing funds. The development of elite athletes involves other programs as well.

Our programs focus directly on the interests of the sports governing bodies and the athletes because, after all, we feel sports are not for the bureaucrat, the administrator or the manager. Amateur sports are for the athletes.

After being introduced to a sport on a recreational level, an athlete is often induced to join a club specializing in that sport, whether that is gymnastics as suggested by the member for Windsor-Walkerville or whatever. It is here that Wintario grants have been available for up to 50 per cent of the purchase price of necessary equipment.

As has been suggested several times here tonight, the coaches involved in recreational outlets are vital to the development of an athlete. These men and women know the emotional and physical capabilities of their student athlete. They must use their technical knowledge and expertise in combination with human sensitivity to guide an athlete's progression. We believe in the development and support of a strong body of Ontario coaches.

Towards that end, we have directed over \$1 million to train 82 master coaches and apprentices, and through the national coaching certification program we have identified and trained more than 38,000 coaches to date. Certainly many of these coaches will contribute towards the development of world champion athletes, but their greatest contributions will be made to the community as a whole. You do not just develop coaches to train and develop elite athletes but to provide—

Mr. Newman: May I make a suggestion to you at this time? No coach should be granted certification if he has not gone through a formal training in cardiopulmonary resuscitation. You are going to save a lot of money in the future on that. I think it should be a must for any certificated athletic coach.

Hon. Mr. Baetz: Athletes may proceed in time with the club to regional competitions; these events may be supported indirectly by provincial base grants. The athletes' performances may qualify them for a provincial championship. This event is run by the provincially funded sports governing body, and where travel and accommodation expenses are necessary for individual athletes, they are covered through Wintario grants up to 50 per cent of the cost.

Athletes selected for the provincial team, representing the best participants in individual sports, receive Wintario support for travel to national competitions, the benefits of training under a provincially funded, expert coach and an intensive training program. This is intensified especially during the time leading up to the Canada Games, and we are proceeding to that now. As you heard a few weeks ago, Ontario will be sending a team, consisting of 400 athletes, coaches and managers representing 18 sports, to the games in Quebec this February. The occasion will afford our athletes the invaluable opportunity to gauge their abilities against athletes with similar skills from across the country.

Those athletes who demonstrate the potential skills and motivation to ascend to the national team level may qualify under the terms of the provincial elite athlete assistance program, which provides assistance to athletes at four levels; \$410,000 has been allocated to this program. It is an out-of-university scholarship program.

I have mentioned several means by which the province directly supports athletes—expert coaching, travel assistance and the elite athlete assistance program. We have also instituted

training development centres in the province, the best known being the sprint centre at York University. We are dedicating another \$150,000 this year to six new centres at existing institutions around the province. I gave you the names and locations of those centres in my opening statement. Once an athlete reaches a certain performance level—in other words, when he or she becomes a carded athlete—the person enters the federal system and is no longer the responsibility of the province.

I am very proud that the province has achieved eminence in amateur athletics among the provinces. I gave you some of the statistics to prove that observation. I refer to these statistics to demonstrate that we are obviously doing something right in this province and we are happy to make any contribution we can to the strength of Canada's international sporting reputation.

As I said earlier on, there was a suggestion in the *Globe and Mail* article that the provinces in Canada are not getting their money's worth from the public investment in Canadian athletes. As one piece of evidence to counter that, I would point to the results obtained by our athletes at the Commonwealth Games.

Perhaps more important, we now know that 56 per cent of Ontario citizens are involved in some physical activity, whether it be a sport, a fitness program or other recreational activity.

Finally, I would just like to make one point here. The suggestion was made in the *Globe and Mail* story that the sports governing bodies soak up so much of the funds going to sports. For the record, we want to say we do not believe that is true. In our support to provincial sports governing bodies, less than 10 per cent of tax and lottery money goes to administrative salary subsidies. There is absolutely no need to apologize for that proportion. We feel strongly about

the need to employ professionals to handle the day-to-day operations of association programs leaving athletes, coaches and officials relatively unburdened by administrative details.

In summary, I would like to stress our dedication to continued co-operation with the national efforts to develop our Ontario athletes. At the same time, we pledge to continue support of provincial sports associations which provide opportunities for citizens at all levels of athletic ability and interest. I agree with the need to develop the winter sports to be spotlighted at the Olympic Games by stressing programs Ontario already has in place. This stress will provide a base for pre- and post-Olympics growth in not only those sports but also other sports offered within the province.

I hope this will provide members of this committee with a statement of my ministry's goals and objectives in amateur sports and an insight of how our efforts and the efforts of our partners, the provincial sports governing bodies, assist an athlete with ability and motivation to proceed to the national team. I am sorry for the length of time it has taken in view of the short time available, but I really did feel it was important to get that on record and bring it to the attention of yourself, Mr. Chairman, and the committee members.

Vote 2604 agreed to.

Mr. Chairman: This concludes the estimate of the Ministry of Tourism and Recreation. We thank the minister, Mr. Sloan, Mr. Laschinger who has left, Mr. Secord and all the staff for taking the time to be with us.

Hon. Mr. Baetz: I thank you, Mr. Chairman and the members of the committee.

The committee adjourned at 10:33 p.m.

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From the Ministry of Tourism and Recreation:

Lichinger, J. G., Assistant Deputy Minister
 Lord, R., Assistant Deputy Minister, Community Programs, Sports and Recreation Division
 San, J. R., Deputy Minister



No. R-29

Legislative assembly

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Official Report (Hansard)



Standing Committee on Resources Development

Estimates, Ministry of Industry and Trade

Second Session, Thirty-Second Parliament

Wednesday, November 17, 1982

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, November 17, 1982

The committee met at 10:13 a.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE

Mr. Chairman: I call the meeting to order. We are here to hear the estimates of the Ministry of Industry and Trade. I was introducing the critics to all the staff—

Mr. Stokes: Dispensing with the formalities.

Mr. Chairman: —but we do not have to do that now, although it was probably a very worthwhile exercise.

Mr. Sweeney: We have not been introduced to the gentleman on his left—I meant philosophically, politically—

Hon. Mr. Walker: He is Bernie Ostry.

Mr. Andrewes: This is just estimates.

Mr. Sweeney: There's no such thing as "just estimates."

Mr. Chairman: Quite right.

We are very pleased to have the minister with us this morning. I expect you may have a few opening remarks.

Interjections.

Mr. Chairman: We just ignore most of the interjections here in this committee.

Hon. Mr. Walker: There are one or two people here today I would like to introduce to you. This is the first opportunity I have had to come and share some views and receive some thoughts relating to the Ministry of Industry and Trade. Indeed, these are the first estimates ever of the Ministry of Industry and Trade; so it is a historic day—

Mr. Laughren: It could be the last.

Hon. Mr. Walker: Well, unless you intend to change the name of it—oh you mean it could be my last.

Mr. Laughren: That's what we are getting at.

Hon. Mr. Walker: Now that we have established our ground rules, let me introduce the people we have with us, who will be very pleased to answer questions today and at times that are not the normal estimates period, so that in the event you choose to call them you will at least know who people are.

This is Bernie Ostry's second time before you in estimates. You will know my deputy minister by now, who has been variously introduced by members of the committee already.

I would like to introduce the assistant deputy ministers in the ministry. One whom many of you will be familiar with is David Girvin, who is sitting at the back with the grey suit on. He is assistant deputy minister in charge of industry. I believe David was here last year as the representative for the assistant deputy minister at that time.

As you know, the new side of the ministry this time is the creation of trade, and the assistant deputy minister of trade is George MacDonell, who is also sitting at the back. George came on very recently in the ministry, having been engaged in July of this year.

The third assistant deputy minister is Les Horswill, who is sitting over here. Les is assistant deputy minister, information and support services. Behind Les is Andy Croll, who is the chief executive officer of the Ontario Development Corp. and its executive director.

The other person from our senior staff, who is missing at the moment, is Peter Barnes, who is general manager of the technology centres program, which we will get into in due course. He will be here at some point.

Mr. Chairman: It is a pleasure for me to appear before the committee and to have an opportunity to make an opening statement before we discuss the detailed estimates of the ministry.

Mr. Chairman: These are off-the-cuff remarks, are they not?

Hon. Mr. Walker: Yes. These are spontaneous, ad lib comments.

Mr. Andrewes: Jottings.

Hon. Mr. Walker: No, not really. Spontaneously written down.

Mr. Andrewes: I am disappointed. I thought we would have a movie or some sort of dog and pony show.

Hon. Mr. Walker: I may say that during this period you can control the time and decide what you want to do, but there are some things we might mention that you might like to have

brought before you or see. For instance, one is called *The Profit Centre*, which is a movie presentation that has received a great deal of success and raves from the recipients who have used it. We can even present it to you in Japanese.

Mr. Andrewes: Can we show it some time?

Hon. Mr. Walker: Yes.

Mr. Sweeney: Is that for Sanyo in Elmira?

Hon. Mr. Walker: Yes. That was for their specific arrival; we had it prepared for their presentation.

We have that available; it is not here at the moment, but we can have it brought over at some point. I will be very pleased to show it, because I think it gives a view of what the ministry does in a way that might not be done otherwise, and it is the kind of thing you might like to have available for various meetings in your own riding—libraries or groups. I think you would find it pretty useful. It does nothing except tout the advantages of this phenomenal province: its capacity to do business, its industry and its strengths. There are a lot of statistics and so on. I think you would find it useful; so I would like to present it at some point; and I am open, of course, to your distribution of time.

10:20 a.m.

As you know, I was appointed to this ministry nine months ago. During that time the harshness of the current recession has forced all of us to take a pretty hard look at how we are performing economically. Certainly we have got a lot of short-term difficulties, but we also face many exciting opportunities to implement industrial and trade strategies that can accelerate the pace of economic recovery and make us more resilient against future setbacks.

I have spent a good deal of time discussing Ontario's economic future with the very people who will make that future happen. I have met with business leaders and labour representatives from almost all industrial and service sectors. I have had discussions with numerous trade commissioners and foreign government and business delegations. I have had regular contact with ministers in other provinces, and I talk weekly with my trade and industry counterparts in the federal government.

I have had the honour of representing Ontario at two important federal-provincial trade conferences. One of the things I have learned from those discussions is that, despite our short-term problems, Ontario really is a province that commands respect in terms of being the eco-

nomic player at the table, both at the Canadian table and in world discussions.

Ours is an important economy. Last year, our gross provincial product totalled \$125 billion. We are a productive economy. With 35 per cent of Canada's population, our people produce 25 per cent of the total national output. We are an advanced economy with a well-developed industrial base, making us Canada's manufacturing heartland. We are a diversified economy. We have a strong farming sector and a solid resource base. We are Canada's financial and commercial centre. We are the nation's technological leader.

Although we are a capital-intensive economy, the job creation record of the private sector, even during the worst of economic times, is still one of the best in the world. We are a trade economy, relying on foreign sales for a third of our provincial income.

In a phrase, we have a lot going for us. We should be optimistic about our future, because we have an abundance of natural, human and technological resources that enable us to chart that future with confidence.

We do have problems. This morning I want to talk to you about those problems and what we are doing about them. I welcome the ideas of committee members on what more can be done to speed up economic renewal and a return to more prosperous times for our people.

Ontario's most basic economic challenge is to ensure that our resource, farming, service and manufacturing firms are as competitive as possible so they can capture their fair share of economic growth here and abroad.

Being competitive means many things. The bottom-line test is that Ontario products and services outsell foreign competitors in the Canadian and export markets. But being competitive involves much more than product pricing. It involves meeting demands, for example, that our firms have to meet in terms of making innovative and quality products. That means substantial capital investment in the most advanced technological processes available to improve productivity and achieve competitive costs.

Being competitive also demands that we make better use of our natural resources by adding value to them through upgrading in semi-finished and finished products.

Mr. Laughren: Mr. Chairman, that is a decent, cynical and even misleading and dishonest statement.

Hon. Mr. Walker: Other than that, do you have anything against it?

Mr. Laughren: You have allowed resources be shipped out of the Sudbury basin without further processing for 75 years and then you come out and make a statement like this. It is total nonsense. Do you expect us to swallow that kind of nonsense?

Hon. Mr. Walker: You can do as you wish.

Mr. Laughren: We don't have to believe that kind of stuff.

Hon. Mr. Walker: That is certainly an option for all members.

Mr. Laughren: You can deceive some of the people but not all of us.

Hon. Mr. Walker: That is an option all members of the committee have, fortunately.

Mr. Laughren: That's right. You have started off on a fine note with that kind of baloney.

Hon. Mr. Walker: Value-added economic growth is essential to long-term wealth creation. Meeting competitive demands that we create new jobs of high quality in a way that they employ scientific, technical, trade, professional and managerial skills of our people.

Our goal, then, is to work with the private sector, particularly small and medium-sized firms to help them become world-class competitors.

To facilitate this process, last February the government established the new Ministry of Industry and Trade. The ministry is staffed by dedicated professionals who understand business, who have expertise in specialized areas of industry, technology and trade and who are able to take on the policy priorities that we have set for industrial development, technological leadership, new capital investment and intensified export trade.

I want to share with you what we are doing and plan to do in these four priority areas. As you will see, these priorities tend to overlap and reinforce each other. You will also see that they focus on enhancing the competitiveness of the economy.

Let me begin with our industrial development activities. The manufacturing sector, of course, is substantial. It consists of 14,500 firms employing more than one million workers. It accounts for nearly half of Canada's total manufacturing employment and output. Three sectors—automotive, machinery and iron and steel—represent about one third of Ontario's manufacturing value added.

Our industrial development policies are primarily designed to make these firms more competitive in the Canadian marketplace. We

simply must do a better job of competing for an increased share of the domestic market to help correct Ontario's overall trade deficit with the world and to create the economic growth and jobs we need for the future.

Yet we are being swamped by a tidal wave of imports. In fact, among the member countries of the Organization for Economic Co-operation and Development, Canada has the highest level of import penetration. Our governments, major corporations and public and private institutions buy the services and products they need from the world without enough thought being given to finding a Canadian supplier. We must correct that situation.

For example, if we could substitute Ontario products and services for just 10 per cent of those we now import, our economy would be \$3.7 billion a year richer, our trade deficit would be cut in half and many thousands of new jobs would be available. This seems an ambitious target but, last year, Ontario imported \$36.7 billion worth of manufactured goods. Many of those products are being made here or can be made here.

We selected the health care products sector as our first import replacement challenge. That sector spends \$1.2 billion annually on supplies. Two thirds, or about \$800 million worth, is offshore.

Ontario led the other provinces in a national effort to reduce imports in this sector. A recent independent study shows we have helped to spur Ontario health care investment by at least \$55 million, resulting in more than 600 jobs. In fact, an independent audit was done and determined that between \$55 million and \$155 million was the result of that one show. Of course, the number of jobs that will flow from that has increased from the 600 I have mentioned.

Last month, I met in Winnipeg with my Manitoba counterpart on the second phase of our import replacement campaign. This phase pertains to products such as office equipment and products for schools and other large institutions, an area involving total sales of \$2.2 billion, of which \$1.5 billion goes out of the country to our foreign competitors.

Yet many of these needs can be met by Canadian firms. A 10 per cent import reduction would mean at least 1,000 new Canadian jobs. Ontario, of course, would be the major beneficiary. While our manufacturers sell 54 per cent of their products within the province, 23 per cent are shipped to customers elsewhere in the country.

As you can see, we get impressive results fairly quickly from a concerted effort of import replacement. I will be discussing this question with my counterparts in other provinces in the hope of convening an interprovincial meeting of ministers in the near future.

The Ontario government continues its own special effort to buy Canadian. We have conducted two successful exhibitions to show Ontario firms how to sell to government. We have produced a directory listing the products and services being sought by ministries and their agencies. We have promoted the adoption of a 10 per cent pricing preference policy for Canadian content by all government-funded agencies and institutions.

There are numerous other ways in which we are working to enhance the industrial strength of Ontario in addition to import replacement and government procurement policies. For example, we are encouraging multinational corporations to assign to their Ontario subsidiaries the responsibility for manufacturing particular product lines for their parent firms' entire world market.

Mr. Wildman: World product mandating.

Hon. Mr. Walker: Right.

Currently, 119 firms operate under a global product mandating strategy. I am not satisfied we are making as much progress as we should on persuading the multinationals to adopt global product mandating, and I assure you this will remain a priority of industrial development.

10:30 a.m.

In our drive to improve the competitiveness of Ontario firms, we pay particular attention to the needs of small business. It is a bit of a cliché to say that small business, across the whole spectrum of manufacturing and services, is the backbone of the economy, but that is true. There are 240,000 small to medium-sized businesses in the province. They offer the strongest promise for substantial job creation and product innovation. It has been determined by a study that emanates from Switzerland but relates to the western world that 90 per cent of the new jobs to be found in the decade of the 1980s will be found in small business.

My ministry has a variety of programs to help smaller ventures succeed. Through our 18 field offices throughout the province, our 40 business consultants help these firms with their financial management, planning and marketing. Last year, we aided more than 500 firms in this way. In addition, we held 34 seminars on how to start

a new business and provided more than 40,000 people with literature on the same topics.

Earlier this year, four small business grant programs were temporarily suspended because they were in danger of being oversubscribed. One program encourages small manufacturers to develop new products; a second helps inventors in the development of prototypes; a third assists firms to evaluate technological processes or products; and a fourth funds the design and preparation of packaging and sales literature. I have reviewed the ministry's financial position and I am pleased to confirm that these programs will continue on a reduced basis consistent with the government's overall restraint objectives.

Another way in which we assist firms to achieve increased economic competitiveness is through the financial and advisory services of the Ontario Development Corp. and its sister corporations in northern and eastern Ontario.

The ODC, which reports to me, provides export support loans, incentive loans, term loans and loan guarantees to the private sector. It also carries out programs for other ministries. In the past fiscal year, ODC approved 631 loans and guarantees worth \$110 million. Of that, \$66 million was assistance to industry, including 20 loans worth \$5 million to high-technology firms.

The ODC offers incentives such as a payment deferral, or lower interest rates for companies which need financing for proposals that will produce significant economic benefits to the province. Typically, these are in the high technology or venture capital areas. Last year ODC made 226 incentive loans worth \$47 million.

This illustrates how we are responding to the market realities and going after the best industrial development results possible for taxpayers' money.

Our ODC programs represent not only the programs and interests of industry and trade but also the Board of Industrial Leadership and Development, other ministries of government and certain federal-provincial activities. In all of this, job creation is the number one priority, and it is estimated that ODC projects funded in the past fiscal year will help to create more than 14,000 new jobs over the next five years.

I could go on for some time itemizing ministry industrial development programs, but what I have outlined demonstrates that we are working hard on many fronts with private enterprise to make our economy more competitive.

Perhaps the most important industrial de-

development factor that will strengthen our economic recovery is new investment. We are intensifying our efforts to attract investment capital by promoting Ontario as a good place in which to do business. This investment push involves both the industry and trade divisions of my ministry, because we are concerned with fostering both new domestic and foreign investment.

In the current economic environment, there is understandably a tremendous depth of concern over plant closures and layoffs. The brutal impact of the recession on our industrial capacity is distressing, but as a point of perspective it should be noted that in the past 12 months, 123 plants were opened or expanded in Ontario, representing more than \$700 million worth of new capital investment in the province.

That is encouraging and what it tells us is that the economy is going through a period of restructuring and change. Individual firms are disappearing as others are emerging. Certain traditional industries are suffering the trauma of transformation. Other industries, notably in the high-technology and service sectors, are expanding and prospering.

Within Canada, the biggest obstacle to increased capital investment is lack of investor confidence. That is not surprising considering the harshness of the recession during a long period of extremely high interest rates. However, it appears that investor attitudes are now becoming slightly more optimistic. We may still be in the proverbial tunnel, but it is not as dark and dank as a few weeks ago. Things are getting better. Projections indicate that we will see real economic growth of 2.5 per cent to 3.5 per cent in 1983. The achievement of these numbers depends on less intervention by Ottawa in the marketplace and a policy of lower interest rates. Both factors are crucial to sparking an upturn in capital expenditures.

Outside Canada, the biggest obstacle to new investment has been the perception that this country does not welcome foreign capital. I have received numerous reports from our international representatives on how entrenched this perception is worldwide. It is impossible to calculate how much new investment we have lost because of the Foreign Investment Review Agency and national energy program. We do know that the belief that Canada does not like foreign investment has been detrimental.

Fortunately, the federal government has recently taken steps to make FIRA more recep-

tive and efficient. For our part, we are telling world investors that their money is most definitely welcome here.

Furthermore, we work closely with companies needing FIRA approval. Last year, we helped pave the way for the approval of 546 FIRA applications, resulting in new investment of nearly \$800 million in Ontario.

During the past year, we have put increased emphasis on attracting to the province entrepreneurs who have the capital to invest and the skill and expertise to make their enterprises succeed. Interest in this imaginative program has been particularly keen in Germany, the United Kingdom, and Hong Kong.

Mr. Wildman: Does that include White Farm Equipment?

Hon. Mr. Walker: The answer is yes. To the end of October, our Frankfurt office alone was responsible for attracting 30 entrepreneurs who invested \$62.5 million in various new businesses and created 293 new jobs. For the ministry's efforts overall, 91 new joint ventures, licence agreements and branch plants were established, creating some 1,600 jobs.

We also go to considerable effort to help investors find appropriate locations for their new facilities. On top of that, we act as the investor's advocate in dealing with federal, provincial and municipal governments and their agencies so that new industrial projects are not unduly delayed by regulations or procedures.

In a more general sense, our efforts to promote Ontario as an attractive place in which to invest and do business include hosting trade shows, sponsoring trade missions and receiving foreign business delegations.

A recent example is SITEV America—an international trade show for auto parts manufacturers, which was held just a couple of weeks ago here in Toronto—the second time in a row. More than 2,000 participants from around the world attended SITEV. My ministry was a SITEV sponsor because we believe this international gathering offers significant new business opportunities for our own auto parts industry. We understand that several valuable joint ventures, licensing and sales agreements are resulting from the SITEV show, any one of which pays for the involvement we had.

Similarly, I met a couple of weeks ago with a delegation of Japanese business leaders who are considering investments in Ontario. This was in follow-up to continuing discussions between my office and Japanese industry over the past year.

I am confident these efforts will produce results and we will see an excellent increase in Japanese investments in this province as early as 1983. So, in summary, we are having some success in turning around investor attitudes towards Canada.

Another dimension of new investment has to do with capital expenditures by existing Ontario firms on new technologies to improve their productivity and competitiveness. The fact is that this country's economy overall is not as productive and competitive as it should be and must be.

10:40 a.m.

Last year, Canada's productivity change of 0.6 per cent was the worst of the seven industrialized Organization for Economic Co-operation and Development countries. As a nation we lag far behind the United Kingdom, which scored the best productivity growth of 5.8 per cent in 1981. To make matters worse, the longer term productivity outlook for Canada shows only marginal improvement. The Conference Board of Canada predicts it will improve by only 0.7 per cent annually between 1981 and 1986.

Consequently, all of us, businesses large and small, labour, governments, have a tough job to do in getting much better results from our productive resources and in upgrading the quality of those facilities. A critical aspect of being competitive, at home and abroad, is the use of advanced technologies to make new and better products and to improve the productivity of the manufacturing process itself.

The Ontario government has launched a bold program to assist industry, particularly small and medium-sized firms, to adapt quickly to a new era of competitive sophistication based on applied technology. Through the Board of Industrial Leadership and Development we are investing \$120 million over five years in six technology research centres. The mandate of the centres is to inform and assist firms in applying state of the art technologies to their operations. Three centres will provide information, advice and expertise on practical application of microelectronics, robotics, and computer-aided design and manufacturing. Three other centres will address the competitive innovation of key industrial sectors: auto parts, forestry and mining, agriculture and food processing.

I would like to spend a few minutes on these new tech centres as well as related initiatives. First, we decided it was essential these centres to be a genuine, co-operative effort between government and the private sector. Consequently, we set up for each centre an advisory

committee composed of representatives from business, labour, academia and research institutions. My staff has been working with the committees on developing a business plan for each centre. While time consuming, this approach ensures the centres start off on the right footing. Four business plans have been approved and the other two are near completion. One centre was launched in October and the remaining five will be opened over the next couple of months.

Second, the technology centres are not involved in original research and development. Rather, they are centres of technological application and transfer, utilizing state of the art hardware and software and very pragmatic business terms.

Third, these centres will not compete with the private sector. Rather, they exist to be used by firms anxious to find out how they can become more productive and competitive.

Fourth, each centre will have its own chairman, board of directors, president and staff, all drawn from the private sector. Each centre is expected to generate 50 per cent of its operating costs by the fifth year and produce a financial report annually and outline a program objective every two years.

Sixth, the centres will form an integrated network to help industry throughout Ontario adapt to these technological times. The microelectronics centre in Ottawa, for example, belongs as much to the manufacturers in Windsor or Cornwall as it does to service firms in Toronto or London. To ensure that the centres do function as an integrated network they will be interlinked by a sophisticated data system and key personnel will meet regularly to exchange ideas and develop province-wide access programs.

Finally, a key provision in the Technology Centres Act is a five-year sunset clause, which means each centre must justify its continued existence, costs and mandate at a firm future date.

I would now like to say a few words about each centre so that you can assess the depth of our commitment in making Ontario firms truly world competitors through technological change.

The Ontario Centre for Microelectronics was opened in Ottawa a few weeks ago by the Premier (Mr. Davis) and myself. The board of directors is in place. A new president has been named. Key staff members have been hired. In fact, the centre has begun a series of seminars with its client firms. The centre has three dominant goals: to promote awareness of microtechnology among small and medium-sized businesses, to provide a design facility for

semi-custom chips, and to assist in the application of microelectronics technology.

Small and medium-sized firms face a serious cost problem in designing and producing semi-custom chips. Through the centre's engineering staff, they will have access to a design capability that will allow them to make improvements in product design and process. The centre will also serve as a broker to assist in securing the production of short runs of semi-custom chips.

The centre will fulfil an important role in helping firms make the transition into the technological society. As a resource for microelectronics application, it will identify a company's hardware and software requirements in, for example, office automation. This is a rapidly emerging new industry which had sales of \$6 billion in 1978. By 1985—

Mr. Stokes: What are you doing to do with the people they displace?

Hon. Mr. Walker: I do not think you will find that is a significant problem. We should probably get into that discussion. We have got some ideas on it and I hope you have some as well.

By 1985, this figure is expected to grow to \$12 billion and should reach \$20 billion annually in the 1990s. We intend to make Ontario a major part of that industry.

The Ontario Centre for Microelectronics, which has been allocated \$20.1 million by BILD for the next five years, will be providing a full range of realistic services to the business sector and is already drawing inquiries from firms throughout the province.

The robotics centre in Peterborough has a similar practical approach. Some large firms are already responding to the robotics challenge. Ontario's robotics centre will bring this technology to small and medium-sized businesses by offering advice on improved productivity, manufacturing processes, inventory and quality control, product design and plant automation. The priority is to get robots off the shelf and into the factory. One of the robotics centre's first projects is to equip and program a mobile unit that will tour the province to demonstrate how robots can be used by even the smallest manufacturer. Robots can improve productivity substantially by taking on routine jobs such as painting, welding, drilling, glue application and an assortment of assembly functions.

There is some concern that robots will take away scarce jobs. Mr. Stokes made some reference to that a moment ago. The Japanese experience proves these fears to be unfounded. Japan employs about 9,000 robots, compared

with only 200 or so in Canada. Yet Japan has negligible unemployment, very high productivity and strong economic growth. We have nothing to fear from robots except our slowness in finding more advanced ways of doing business. The robotics centre will help our industries catch up in this respect.

In Cambridge, we are opening a centre for computer-aided design and computer-aided manufacturing, or CAD/CAM as it is known. Here, we are concerned about computerized systems that store, retrieve, display and manipulate information at incredible speeds. The result for our manufacturers is greater output, better quality products and more cost-efficient use of our energy, materials and manpower. All that adds up to a competitive edge.

Ontario's CAD/CAM centre will work with small and medium-sized firms on evaluating the financial resources and technical sophistication necessary to implement these applied technologies. The centre will demonstrate projects, encourage Canadian companies to produce CAD/CAM hardware and software and provide training, counselling and related services to help management and labour deal with the transition in skills caused by the introduction of these technologies.

The Ontario Centre for Resource Machinery, located in Sudbury, is one of three centres being opened to service the needs of specific industrial sectors. To determine the operational plan for this centre, a series of interviews was carried out with manufacturers, resource companies, trade associations, research institutions and federal and provincial agencies. The result is four priorities:

To provide funding on a venture capital or royalty basis to resource machinery firms wishing to develop or improve a product with a proven market capability; to serve as a resource in identifying market opportunities and developing analytical information about the industry; to advise industry and government on trends; and to encourage new initiatives and investment.

In all this our objective is to provide a significant stimulus that should lead to a gradual replacement of many of the products now imported by resource companies.

10:50 a.m.

The Ontario Centre for Farm Equipment and Food Processing is a joint development by my ministry and the Ministry of Agriculture and Food. This centre, located in Chatham, will facilitate the transfer of existing technology to

equipment manufacturers and dealers as well as food processors.

In the farm machinery area, the emphasis will be on the development and modification of new equipment. The centre also will be a central source of information on the availability of testing facilities across Canada. In the food processing area, we expect most of the effort will be on adaptation of automation and control technologies for fruit and vegetable processors to increase productivity. The centre will have basic pilot plant capability to assist processors in the development of new products.

The sixth applied technology facility is the Ontario Centre for Automotive Parts, which is in the Niagara region,

The Vice-Chairman: A good part of the world.

Hon. Mr. Walker: We have a new chairman here.

The automotive sector is, of course, a linchpin of our economy. One in every six manufacturing jobs is tied to this sector, which has been going through a difficult period of fundamental change. Increased and successful foreign competition, coupled with the trend towards lighter and more durable cars using innovative components, has put the province's auto parts manufacturers under intense pressure to improve productivity and competitiveness.

In that context, the Ontario Centre for Automotive Parts is designed to do three things: improve productivity and product quality through the adaptation of new technologies; enhance their technological capabilities in product design, development and manufacture; and increase their ability to identify and capture new market sales in the automotive related transportation industries.

These six technology centres constitute one major, broadly based initiative, but there are others. This year, the government founded the Innovative Development for Employment Advancement Corp. to act as a catalyst in converting good ideas into commercially viable products. IDEA Corp., which has been allocated \$100 million over the next five years, will invest in the entrepreneur, or business, with innovative products. It will help to make success happen.

It will, for example, provide venture funding in exchange for a share of future royalties. It will facilitate access to research, design and testing facilities as well as other skill requirements. It will be a conduit to the financial world. It will tap into the best marketing expertise available.

It will be active in promoting research and development projects from the conceptual stage and it will work with the six technology centres to ensure all public and private resources are marshalled in support of economic innovation. The benefits to Ontario will be substantial in putting our industries at the forefront of technological transition and, in so doing, will increase competitiveness, productivity and quality.

Our efforts to promote efficiency and competitiveness through technology also include support for the Ontario Research Foundation, which is one of the world's best research facilities. ORF, founded more than 50 years ago as a partnership between government and business, has grown from a small facility with a staff of four to its present level of 400 scientists, engineers and support staff. Last year, ORF completed a new engineering wing at a cost of \$2.7 million, including a \$1.6 million contribution from the Board of Industrial Leadership and Development. My ministry provides the foundation with its annual performance grant of more than \$4 million.

ORF's capabilities range from routine testing to the most innovative research and development of new products and processes. It performs research of an applied nature and provides engineering and technological services to industry and government on a contract or fee basis. In 1981, income earned exceeded \$12.5 million, about double the level of five years ago.

Clearly the ORF fulfils a real need. Last year, it served more than 2,100 industrial clients, of whom half were small businesses. The foundation has completed its five-year plan, which I received a week or so ago for consideration. We are now discussing the document with the officials there. Later on during these sessions I hope to bring in some of the products that ORF has been instrumental in launching. I think you will be quite impressed with their vast range.

When we add up the total allocation of public funds to ORF, the IDEA Corp. and the six technology centres, we reach a figure of nearly \$250 million. That investment signals the seriousness, indeed the urgency, we attach to working with the private sector to rejuvenate our economic competitiveness and to stake out a strong leadership role for Ontario in high technology.

I would like to turn now to the closing segment of my remarks and discuss what we are doing to strengthen Ontario's performance as a trading province.

While opportunities certainly exist for growth

in the domestic economy, exports will more and more provide the most dynamic element in our industrial development. The new trade division in my ministry is preparing a broad, long-range strategic outlook which sets specific targets, stresses cost-effective programs and ensures efficient integration with the services of the industry division at home. In this way, the entire ministry is working as a cohesive organization to optimize growth prospects at home and abroad for the benefit of a more competitive private sector.

This fall, we produced a document entitled, *Canadian Trade Policy for the 80s: An Ontario Perspective*, which I submitted to a recent federal-provincial trade ministers' conference. It will be available for distribution. The document was prepared to assist the current federal review of Canadian trade policy. It addresses all the major trade issues facing Canada and Ontario and identifies the priorities. It sets out the magnitude of the trade challenge for the nation as a whole and for our province in particular.

Put very simply, we need to encourage more firms to enter export markets so that Ontario increases its share of world trade. We are still working on several details of our new trade strategy. What I can do today is give you an advance preview of our thinking so that you can see the direction in which we are heading.

Again, I want your comments and suggestions. I welcome them. In fact, during the past two weeks I have travelled the province and have met with about 800 firms to discuss trade strategy and what we as a government can do to help them succeed abroad. The input from the private sector is proving extremely helpful.

First, we should understand just how important trade is to this province. Recent trade figures suggest that Canada is doing very well in world markets, with a 1981 overall trade surplus of \$4.8 billion. This year, the trade surplus is expected to exceed \$13 billion. However, these statistics include a good deal of inflation and they camouflage some disturbing trends.

One of the biggest concerns is that Canada is losing out in the international battle for its share of growing world trade. Canada's share of free-world exports has dropped substantially during the past decade. For Ontario, the decline in the share of world trade has been just as troubling: from four per cent in 1970 to 2.5 per cent in 1981. That is not to say that we have lost in our world trade, because our trade has increased dramatically in the last 11 or 12 years since 1970; it has probably increased two and a

half to three times over what it was in that year. What we have lost is our share of the world market that was there. That is a problem for our country. Certainly it is a problem for Ontario, one we intend to attempt to rectify.

Another major concern is that Canada continues to have widening trade deficits for manufactured goods, the very products that involve value-added economic growth and employment of labour. This affects Ontario most critically, since Ontario accounts for nearly 50 per cent of all Canadian manufactured goods. As a result, while Canada has an overall trade surplus, our province has a substantial trade deficit, amounting to nearly \$9 billion last year.

11 a.m.

We must not only export more, but we must export to many more markets. Roughly 78 per cent of Ontario's exports are to the United States, which, of course, remains our most important market. In fact, we have formed a special ministry unit to handle US trade missions and exhibitions. Breaking into new export fields is nevertheless a priority for us. The challenge is to implement a sound and consistent long-term strategy that will enable Ontario to recapture its historic share of world trade, with particular emphasis on the manufacturing sector.

How realistic is this ambition to energize economic renewal through an export emphasis on semi-finished and finished Ontario products? It is generally agreed among forecasters that the national economy will grow by 2.5 to 3 per cent annually in real terms during the next five years. Ontario's economic outlook is within that range. World trade is also expected to expand in real terms by 2.5 to 3 per cent annually between 1983 and 1987. However—and this is the key factor to be underscored—world trade in manufactured goods is expected to increase more rapidly, by 4 to 4.5 per cent annually.

Our long-term strategy will seek to help our manufacturers get a fair piece of that world business over the next five years. Our objective is to double Ontario's exports to \$60 billion annually by 1987. This means we are looking for real export growth, after allowing for inflation, of more than \$5 billion annually. Put another way, we want to add in excess of \$1 billion worth of real growth to our existing export base each year for the next five years, and that has to mean jobs. It means increased potential for plant expansion, new investment, value added in domestic production and, of course, in the end, jobs for Ontarians.

As a matter of fact, it has been estimated that had we been able to maintain a share of the world market in the range we had in 1970, it could have meant upwards of 300,000 more jobs for Ontario citizens, so you can see the importance of the aspect we have in front of us.

Our trade strategy involves three basic steps: first, identifying Ontario manufacturers who have the products and management commitment to be world competitors; second, identifying the types of manufactured products that specific foreign markets are seeking to buy; and third, putting in place a mechanism to match world sales opportunities with domestic suppliers.

Ontario has many industrial sectors that are traditionally strong exporters, including aircraft components, communications equipment, scientific equipment, steel pipe and tubing, industrial chemicals, office and store equipment, electrical equipment, plastics and rubber. We will continue to promote these sectoral manufacturing strengths.

However, our analysis shows that export success depends critically on each individual firm and its attitude. Even in competitively weak sectors, firms are major exporters because of management style, marketing commitment, product innovation, product costs and pricing. Consequently our new strategy will focus on assisting any firm that has the will and product lines to be a significant world seller. In many cases these winners will have export experience; in other cases companies that are ready to try the export market for the first time will have winner potential because of product, pricing and determination to succeed.

How will this strategy work in practice and how will the ministry be involved? When market intelligence gathered by our foreign service officers identifies a demand for specific products, our people in Ontario will approach companies making those products to determine whether they are willing to fill the order and are able to meet the delivery deadline. If the answer is yes, we will assist them in sewing up the deal. Similarly, our specialists in Ontario will work closely with any firm wishing to export by preparing information on their capabilities and product lines so that our foreign service officers are properly briefed and can seek out customers.

In this process we can see the importance of the foreign and domestic offices working in concert as an integrated network of expertise. Our studies show that only 3,000 of Ontario's 14,500 manufacturers export anything at all. Most of them by far are small and medium-sized

firms. Our plan is to excite more of them to think export. One way in which we are doing this is through a series of export sales seminars in 30 communities throughout the province. These how-to-export seminars, launched in October, are for small and medium-sized firms that have not generally exported before. This joint effort with the federal government provides firms with hard-nosed advice on how to develop an export marketing plan, arrange financing, conduct marketing research and analysis and make use of federal and Ontario assistance programs.

Among the Ontario assistance programs are the export support loans offered by the Ontario Development Corp. Last year ODC approved more than \$25 million worth of such loans to finance export sales of around \$90 million.

Another priority is to encourage Ontario firms to broaden their marketing horizons beyond just the United States. We must aggressively seek new markets, particularly in Latin America, the Middle East and the Pacific Rim. In this context we are just completing a series of where-to-export forums in five major communities for 800 firms—in fact, I guess even this figure is wrong; it probably should be 1,000 firms now—that either have export experience or are ready to take their first step in world markets.

An important aspect of our services side is trade missions and participation in international trade shows, because they offer firms firsthand exposure to sales contacts in world markets. We are sending, on average, one trade mission a week from Ontario to specific markets that hold the promise of strong sales results. We estimate that this will assist in obtaining approximately \$60 million in additional exports in the current fiscal year.

Some notable sales successes include a mission of nine forestry products and equipment manufacturers to South America, producing nearly \$7 million in new exports; a general manufacturing mission of seven companies to Sweden, Norway and Finland, resulting in more than \$2 million; and a forestry products and equipment exhibition in Atlanta, initiating sales of \$2 million.

As I mentioned a moment ago, a key dimension of our trade organization is Ontario's network of international trade offices. These 11 offices, five in the US, four in the European economic community and two in the Pacific Rim, last year participated in 52 trade missions and fairs, appointed 570 agents for Ontario

ms and helped 96 incoming buying missions visit Ontario.

We are completing a performance review of our international offices as well as a detailed analysis of markets where we should establish an Ontario presence. By 1985 I plan to have expanded the present network to high-growth locations in key markets.

There are other cost-efficient programs under way or being developed. Let me give an example. We have initiated a video-based marketing scheme called GO Video, which encourages firms to make short promotional tapes of their services. The tapes are made available for showing in foreign markets through our international offices or at trade shows without the company having to incur the cost of actually going there. They pay the cost of the GO Video.

Another imaginative example is our export mentorship program. Many smaller firms lack in-house expertise to pursue exports. During the past year we began the Board of Industrial Leadership and Development intern program, by which recent university graduates are placed in a firm or association to develop its trade management competence. The government pays half the salary of qualifying candidates. Several firms, particularly new and high-tech companies, have taken advantage of that program.

I have said a great deal about our focused efforts to expand Ontario's trade in manufactured goods. There is also a large world market for professional services. This is where Ontario International Corp., an agency of my ministry, performs a pivotal role. Where capital projects are concerned, special marketing expertise is often required to ensure that government capabilities are brought together with appropriate private sector capacity. OIC helps to create consortia, acts as a primary marketer of the promotion of provincial expertise and provides the government-to-government link so often necessary when pursuing and negotiating large infrastructure projects.

Over the past fiscal year OIC has provided various forms of assistance to firms and organizations pursuing contracts worth more than \$200 million in new business for Ontario.

1:10 a.m.

Some examples of opportunities which have been identified by the OIC and where the agency is offering assistance include a contract for architectural services for the \$30 million first phase of the University of East Africa in Kenya, a contract for the construction of a \$20 million flour mill in Nigeria, and a contract for engi-

neering services for construction of a \$60 million meat processing plant in Uruguay.

All in all, we are proceeding with an aggressive trade strategy to achieve our objective of wealth creation and job creation by doubling Ontario's exports by 1987.

In conclusion, what I have outlined in these opening remarks sketches for you a fairly substantial campaign by my ministry to work with business, labour and other governments on a coherent, cohesive and confident long-term plan that will assist economic recovery and provide improved stability in the future.

Ontario is an important economy. We do have a lot going for us. We can, through tough co-operative planning, reduce much of our vulnerability to future difficulties by concentrating on technological enhancement and productivity gains, a resurgence of capital investment, a determined effort to replace imports with domestic purchases, and a deliberate expansion of our share of world trade. In tackling these priorities, we appreciate the necessity of co-ordinating our policies and programs with those of the federal government and of other provinces.

During the past year, my ministry has actively participated in extensive consultations with them on specific problems as they arise, as well as on the definition of priorities and strategies for Canada as a whole.

We recognize the need for national leadership in this area. As well, we see room for strong provincial initiatives that reflect our particular economic and industrial goals. Our approach takes that into account. We think the results, in the mid- and long-term, will testify to the practical wisdom of mutually reinforcing efforts.

Thank you for the opportunity to outline our activities and ambitions. We really do look forward to the comments of committee members. We treat this as an opportunity for ideas to be generated. We consider any reasonable proposal and we know we do not have the exclusivity on good ideas.

Please do generate your good ideas. Our staff are here to absorb them. John Lane, who is our colleague and MPP in the Legislature, is parliamentary assistant and sits with me on the policy committee which I chair. We want to take advantage of the best ideas you can generate in this process and we welcome what I think you are about to provide.

Mr. Sweeney: Mr. Chairman, do you want a coffee break before we start?

The Vice-Chairman: I think we might as well carry on and we will float back and forth to the coffee pot.

Mr. Sweeney: I thank the minister for that very detailed statement. It certainly sells your ministry which I expect was your intent and I expect is your job.

I would like to do two things: Comment on some of the points you made in your statement and then comment on some of the things we think need to be attended to; to a degree they are not being at the present time.

First, I want to pick up the point which was made by the member for Nickel Belt (Mr. Laughren) in the early part of your statement. It really is hard to swallow when you talk about more finished products coming from our resource base when we know that for a very long time it simply has not been done; the figure which was used was something like 70 years.

I pick up that theme only to suggest that one of the biggest problems you are going to encounter is a credibility gap. As a matter of fact, I suspect it is one of the biggest problems your ministry is encountering across the province, and I am going to refer to it in other ways. In other words, the things you said in this statement and the things you have said in other speeches and announcements sound really good. I guess all we can say is, "Would that it were so."

This is a good example. I can well understand the frustration and the anger of the member for Nickel Belt when he interrupted your comments with that statement. It does make it difficult.

For example, you go on in your statement and talk about government procurement, buying Canadian-made and Ontario-made goods. Yet you will recall that only a couple of months ago my colleague the member for Prescott-Russell (Mr. Boudria) got up in the Ontario Legislature and, for about 15 minutes, spoke of item after item purchased by the government for this building and for its own offices that are not made in Ontario at all. Yet we had heard long before then of this move of the government in the direction of buying more Canadian and Ontario goods.

You made reference to the suspended programs, the grant programs, particularly for small business. You indicated that one of the reasons they were suspended was because they were becoming over-subscribed; but surely, as you mentioned later on in your comments, that is a clear indication of the need.

If people are applying for those grants, if there is a need for them out there, then instead

of suspending them surely your responsibility is to find out how you can better meet that need rather than making the kinds of announcements you do in going through that farce of putting on a quarter of a million dollar advertising program shortly after the programs were suspended. We have already discussed that.

We had many calls to our office—and I would be very surprised if you did not get them as well—saying, "Where is the consistency between your left hand and your right hand—"

Hon. Mr. Walker: Can you give us a record of those and we will follow up on them, if you would like.

Mr. Sweeney: Certainly. The point I am trying to make is that the message you speak and the message which is out there because of what you do are very different. I am just giving you some examples of that.

You mention in your report, and we are going to get into this in great detail later on, the role of the Ontario Development Corp. You point out the number of approvals, but you do not point out the number that are not approved. You do not point out the number that are delayed so long the company goes belly up. I gave you a specific example of that not long ago. You do not comment on the number of lack of approvals for certain kinds of businesses. I need not tell you that the small and medium-sized business community knows clearly what is happening with ODC. As I said, we will speak of that much more thoroughly when the particular vote comes up.

You talked about the need to improve the investment climate in this province. Yet I have to say to you: What is the role of government in improving the investment climate? To what extent are you encouraging it? To what extent, for example, are you encouraging the millions of Ontario citizens to take their money out of banks and trust companies, and to invest it in producing industries and small businesses?

There are vehicles to do this; yet we do not see nearly enough evidence that is happening. The evidence seems to show people are putting more and more of their money into trust companies and savings firms, which is not the productive venture both of us realize is needed.

You speak glowingly that, "Things are getting better and we are about to turn the corner." In a few minutes I am going to refer to some economic indicators which belie those words; which say things are seemingly getting worse and continue to get worse. While I appreciate and applaud your optimism, let us not kid

people about it. Let us be fairer, more open and more honest as to what is really there and what we need to do.

I do not think you are doing that. Optimism is one thing, but saying that something is happening which is not, is not going to solve the problem. Facing the problems squarely and strongly, and working co-operatively is the only way we are going to get them done. Let us not say that everything is fine or hunky-dory.

As a matter of fact, in the Legislature, within the last couple of weeks, my leader pointed out to the Treasurer of the province (Mr. F. S. Miller) a whole series of items whereby predictions have fallen badly behind where they were supposed to be. That generates the climate out here that your people simply do not know what they are talking about, that they do not know what they are doing. We cannot afford that.

Earlier, you mentioned the investment climate in this country and that we are turning it off—and in a few minutes I want to spend a little bit of time talking about that. Very recently I read of two examples where that simply does not bear out. For example, the Japanese—and you referred to them later on in your comments—have indicated very clearly that they still see Canada as one of the best investment climates in the world, not in North America but in the entire world, and they intend to do a lot of investing here.

1:20 a.m.

Mr. Stokes: Within the last week they announced they will build a plant in British Columbia.

Mr. Sweeney: Just in the last two or three days, the inventor of the small personal computer, Adam Osborne, indicated that he does not like some of the restrictions he has to face in his country, but he is going to set up some manufacturing here because he realizes this is a good market and he is going to have to learn to live with some of those restrictions. I want to talk about the Foreign Investment Review Agency in a few minutes and your very negative attitude towards FIRA, although you did make some positive comments in your statement today.

I want to compliment the minister and his ministry on the degree to which they were involved in bringing the SITEV to Ontario. I think that is an excellent move. That is the kind of thing in which the government should be very much involved. The minister will probably remember that when we were debating the legislation setting up his ministry I made it very

clear that I think government should be involved to a much greater extent in these kinds of things. What government has to do and what your ministry has to do is clearly identified, the roles that are very appropriate for it are clearly identified. This is one of them and I give you credit where, in this case, credit is due.

You talked about Canadian productivity, but we in Ontario have to recognize that the bulk of Canadian productivity is centred mainly in the manufacturing industry which, according to your own report, is at least 50 per cent centred in Ontario, so this is where the problem is. Right here. The problem is not Canadian productivity, it is Ontario productivity and we have to deal with that squarely, as well. It is much more of a problem than it is anywhere else in the country. They have different kinds of problems and they have to deal with them.

I picked up an earlier interjection by the member for Lake Nipigon (Mr. Stokes). Again, I have to concur with him. It was running through my mind all through this statement. You were talking about new technology and about trade, but you did not bring the human dimension into this at all. You have not indicated—and I want to quote a couple of references from your ministry, as well—the impact of this thrust on people in Ontario, on job creation, on the jobs that are going to be lost, about the retraining program and about the way in which it is going to affect the lives of our people.

I know you are not the ministry of social services; that is not your primary concern. But everything we do here affects people. Plants, industry, trade missions and export markets do not exist by themselves. They touch human beings very much. Everything we do has to have a consideration for that human dimension. I want to spend some time talking about that, but it was a very apt point that the member for Lake Nipigon interjected. It is surprising that you really made no point of that issue in your opening statement. I do not know if you felt it was self-evident. Quite frankly, I do not think it is self-evident. I think it is something to which you have to consciously attend.

We have discussed this many times before and it is one reason the Japanese are so eminently successful with the human dimension in their competitiveness, in their marketing, in their industry and in their education. It is an essential point. They realize that in all of these aspects the human factor is critical. To a large extent that is true also of some of the very strong economies in Europe—when you look at Sweden,

at West Germany. They take a very strong position with respect to the human factor and I think we have to do that much more strongly. We tend to ignore it.

I am not suggesting that you are uncaring or unconcerned, but the very fact that you do not stress or highlight it, or bring it in as strongly as a point as you do many other points, is a signal. That is one of the problems we have with labour relations in this province: too many people feel themselves to be just cogs in the machine. It is very much a fact that they do not feel part of the solution but are being made to feel part of the problem. If we do not get ourselves involved in that, we are going to have continuing problems. You can have all the grand schemes in the world, but to the extent that you do not involve people in their own future and their own affairs, it is just not going to work.

You talked again along that same line about Japan's robotic experience in not displacing a lot of people, but one of the things you failed to mention was that Japan clearly and conscientiously and very deliberately does not allow people to become unskilled. As soon as their industry moves in a different direction, such as towards robotics, they immediately start retraining those people.

I am not aware of any program whatsoever in Ontario—and again I want to talk about it later on—where we have any crash program in training our people in the whole field of robotics. You know that I spent four months touring this province last spring looking for those kinds of things, looking for ways in which jobs would be created, particularly for young people in our province, those between the ages of 16 and 24, but I do not see any example of that.

When I went to Fanshawe College in your own community, they said, recognizing that just down the road the Ford plant at St. Thomas was going to get into it, that they felt they should be involved in that but they had no mandate to do it, they had no funds to do it and they had no support to do it. They said that they were going to do a little bit on the side themselves because they felt a responsibility to begin, but that was the only place where there seemed to be any indication at all of a need to move.

What is going to happen? As the member for Lake Nipigon said, we are going to move into a new technological field. We are going to replace workers with robots and those people are going to be out of work, and I am not aware that we are replacing them. If you can draw it to my attention, please do so. We are not preparing

any programs to train people in how to build those things, how to install them, how to maintain them or how to reprogram them. I know that we probably have lots of engineers to design them. I am not concerned about that. But what happens then? Where is the human replacement element, if you will? You have not talked about that, and I think we very much have to talk about it.

You referred to the IDEA Corp., and I certainly cannot fault the principle behind it. I wonder, though, to what extent you have integrated it with other similar activities going on around the province. I am very aware of the innovation centre, for example, at the University of Waterloo, in which your government played a participating role along with the federal government, local business and the university itself.

I am aware that the University of Toronto has an invention centre. I am not sure of the exact terminology but you know what I am talking about. To what extent are they tied in there? I am not aware that there is an integration going on with the IDEA centre, which you just recently started, and other similar developments across the province.

I want to applaud your goal of doubling our exports to \$60 billion in the next five years, but I want to tell you that I have checked with a number of representatives of the Canadian Manufacturers' Association and they do not know how you are going to do it. They really do not. I must tell you, the figures quoted in your report certainly do not add up to another \$30 billion. They might add up to several hundred million but not to \$30 billion.

If you are serious about this, and if you are going to involve the manufacturers of Ontario, you are going to have to sit down with them to explain, because when we called them up and said, "Have you heard the minister's statement? What do you think about it, and how is it going to be done?" they said, "We don't know."

I would like you to tell us how it is going to be done.

I have some comments on your opening statement which reflect questions that you have raised and concerns that we have and what I think are some internal contradictions.

11:30 a.m.

I would like to make a few opening comments myself. First, I want to make a very personal statement. I asked our party leader to transfer me to this critic's role. As you know, I was involved in the Education critic role in various

arms for the first seven years of my stint in the legislature. I asked to be transferred here for two or three reasons. I have already touched on one. It is the human dimension. I am very concerned about unemployment. I am very concerned about what is happening to our young people.

I am also very much aware that one of the ways we are going to begin to resolve some of these human problems is through growth of the industrial level in Ontario. The extent to which we can create jobs through industry is probably the best hope for the future. I want to find out exactly what is going wrong, what can be done about it and what the future holds. Therefore, I have a very personal interest in your ministry and what it is doing.

I wanted to point out to you that I was not flattered off with this critic role. I deliberately asked for it because I am concerned and interested in what you are doing. Obviously, as a critic and as a member of an opposition party, I am going to spend the bulk of my time indicating areas I am not too happy about, but I want to say that there are certain things that are very positive.

To repeat a comment I made earlier, giving credit where credit is due, the whole concept of the technology centres is an excellent one. The minister will be well aware that, during the 1981 election campaign, my party spoke of similar centres. The fact that you are the government and you have gone ahead and done it speaks louder than words.

I have some reservations about those technology centres, and we have discussed them before, as a matter of fact when the minister introduced the legislation. I question the wisdom of scattering them all over the province. In the infant stage of developing high technology, especially in the areas you have chosen to highlight, it probably would have been better to concentrate them in fewer centres so that there could be an inbreeding—I think that was the term we talked about once before—of the innovative and creative minds. That was one of the reasons Silicon Valley in California was so successful; there were a lot in one fairly close geographical area.

The minister talks about electronic linkups between these centres, but the minister knows as well as I do that there is no substitute for face-to-face contact between creative people, the trading off of ideas and the buzz sessions that flow—one idea leading to another that two people independently would not have thought

of. A whole new generation of technology is developed from that. We have seen it happen in other places. I refer again to the California experience. Any description you read of that will indicate clearly that was one of the main reasons it was so successful and expanded so rapidly.

I want to repeat to the minister that I am not convinced that the spacing of these centres all across the province, and I hold no card for where you put them—I kidded the minister that it was probably no coincidence that every single one of these centres was in a Tory riding; that was kidding.

Hon. Mr. Walker: Wherever possible we tried to put them next to a Liberal riding.

Mr. Newman: That wasn't hard either, was it?

Hon. Mr. Walker: The one in Cambridge is that way; the one in Ottawa is that way; the one in Chatham is that way. We always tried to locate them right next door to a Liberal riding.

Mr. Sweeney: Get them close. Okay. I will buy that.

I do not want the minister to misinterpret my comments about the scattering. I think we can have a little bit of fun about that, but the real point I want to make is how they can work more productively and effectively. For example, for the life of me I cannot understand why you separated the robotics centre and the CAD/CAM centre. Those two are going to have to work so closely together. Why you separate them all the way from Peterborough to Cambridge, I do not know. I really cannot figure that one out.

The other thing I really cannot understand is why you do not have a closer relationship between the research facilities at the universities. It will not surprise you if I hold a little flame for the University of Waterloo, which I think even you would appreciate has the best mathematics faculty and the best computer faculty anywhere.

Hon. Mr. Walker: I went to Western.

Mr. Sweeney: You certainly will not find one any better in Canada, and there are very few American centres that are any better or even equal to it.

Hon. Mr. Walker: It's an excellent centre.

Mr. Sweeney: The University of Toronto, again a very fine computer centre, does not appear to be involved to any extent. I have talked to these people, by the way, and they ask the same questions; they are not sure what your thinking is. I would have to suggest to you, once again, if they want to produce the results you

want, you have to take a look at that. Whether you can change it now, I do not know.

The fourth point I want to make about the tech centres—again I am repeating something I said before but I think it is absolutely critical; it ties into my comments on the human dimension—is that there does not appear to be an emphasis on the skills training that is going to have to go along with it. If we are going to move more heavily into microelectronics, robotics and CAD/CAM, those three in particular, you know as well as I do, to the extent that you expand the use of those technologies, you must also expand the number of skilled people to work with them.

I am not talking about the high-level engineers. We have some excellent engineering schools in this province. You are aware of them as well as I am. That is not the level. It is the paratechnologists, the technicians, however you want to refer to them, who are the people we simply do not have in anywhere near the numbers that we need now, let alone that we are going to need two and three years from now. Once again, this is an area in which I think we just do not think or plan ahead.

Your government has been accused over and over again, and I will repeat it, of dealing in crisis management rather than producing any real long-term planning. What is this province going to be like three, five or seven years from now? I know the difficulty of doing that forecasting, but you have to base today's decisions on tomorrow's needs to the best of your ability. If you make the odd mistake, that is the price you pay, but you have to do it. There does not seem to be the sense of that. If we do not have a very good, efficient, manpower skills training component to connect with these technology centres in some way, you are asking for problems.

I want to pay a very high compliment to your local ministry offices, particularly the one in the Kitchener-Waterloo area. I have never contacted that office or any of the personnel in that office without being very warmly received. Your people have been very helpful, and within a very short period have gone out to speak to the businessmen who had been in touch with me.

I do not know, but I will simply assume your offices in the other centres around the province work equally well. I know the one in Kitchener-Waterloo does. Bob Halfnight, who used to be there and is now involved in another capacity in your ministry, is an excellent example. Peter McGough, who is at that office right now, is another excellent example of people who are very co-operative.

I must say the businessmen whom I have referred to that office, who have gone in to see your people or who have been interviewed by your people, have also told me the same thing. They have not always got what they wanted, but at least they have been treated with courtesy and with helpfulness to the extent that it was possible. That is one of the adjuncts of your ministry that in my judgement is successful and hope will continue to be.

In the same light, I want to compliment you on your trade offices outside Ontario. Again, I think that is an excellent idea. We know, and you have emphasized the fact, that at least one-third of our manufacturing is going to go out in export trade. It is that fine edge that makes productivity and unit pricing in this province manufacturing possible. We know that very many medium-sized and particularly small businesses could not possibly get involved in the export market if they did not have access to some of those trade offices.

One of the things I am going to bring up a little later on, and you may be thinking about it in the meantime, is the degree to which there is liaison with the federal government trade offices. To what extent does that happen? If it does not happen, why not? If there are two separate offices—and there is a reference in your briefing book that they are totally autonomous operations—then I have to wonder whether that is the most efficient way to go.

I guess I am saying that I certainly do not disagree with the trade offices but I may question the way in which some of them are run.

11:40 a.m.

I make a small observation here. As the critic I feel very strongly about what your ministry is doing; but when I look at the budget of Ontario, my calculation is that your ministry gets something less than 0.5 per cent of that budget. It works out to 0.44 per cent, I think, and I calculated that by taking the two tables in the front of the briefing book. The Provincial Secretariat for Resources Development gets something like 17 per cent, and you get four per cent of that. If my mathematics are correct, it is something less than 0.5 per cent.

I know that dollars are not translated into priorities directly, but when you look at the problems that businessmen across this province are facing, when you look at their needs, when you look at the problems and difficulty our economy is in, I have to suggest that more emphasis should be placed on your ministry

less than 0.5 per cent of the total provincial budget.

Okay. So much for the good guys.

Hon. Mr. Walker: I would have a tough time agreeing with that one.

Mr. Sweeney: I am sure you will. If you want a little plus to take into the next cabinet meeting with you, go ahead.

I want to go on now and indicate what I think needs to be changed and what I think is wrong. I was asked for the role of critic because, quite frankly, I had difficulty understanding something. This province has everything going for it, natural resources, human resources, capital, manufacturing, mining, agriculture, forestry—you name it, we have got it. This jurisdiction literally has everything. If we had an oil well someplace slightly north of Toronto, that would round out the picture; unfortunately, we do not. Yet we look around and see all the things that are wrong, and we have to ask why. Why do we have this potential and yet somehow it is not coming together?

I thought long and hard about it, and I came to the conclusion that about seven things need more attention.

First of all, despite all you say in your opening statement and despite all you have said in other statements, I still do not get any clear-cut, long-range industrial strategy for your ministry. I do not think business outside this building has that sense either. There is a sense of things being done here and there, helter-skelter, all over the place. There is no sense of anybody really sitting down and pulling the whole thing together into some kind of cohesive program.

I am not talking about state control of industry, and I am sure the minister recognizes that philosophically I am totally opposed to that. But somebody has got to pull the whole thing together. Somebody has got to sit down with management, labour, educational leaders and government and ask: "How do we pull this whole thing together? How do we take advantage of all the strengths and resources we have to make the number one again?" as Ontario has been so often in the past, but certainly has not been for the last decade. That is the first one.

Tied in very closely with that, and I guess you are going to get bored with my repeating the theme, is the human situation here with respect to manpower forecasting. One of the things that came out so very clearly when we conducted our task force across Ontario last spring was the need for young people and counsellors in secondary schools, colleges and universities to

have some idea of what our manpower needs are going to be over the next three, five, seven or 10 years.

Everyone I spoke to—career counsellors, industrialists, various helping agencies, people in your ministry—said, "You know, we cannot do it." Part of the problem is that you do not have that clearly enunciated industrial strategy to base it on. It follows logically that if you have not got a clear economic industrial plan to follow, then it is going to be impossible, I agree, to decide what kind of manpower needs you are going to have; it is going to be impossible to counsel and guide the young people who are currently in our secondary schools trying to make some decisions—as a matter of fact, those young people who are still in grades 7 and 8 of elementary school and whose parents are just beginning to think of what their careers might be, not very specifically but in general terms.

The whole question of an industrial strategy and, coupled with it, manpower forecasting is absolutely essential. To the degree that you can indicate to me that you, your ministry or your government has done more, I am open to listening to it. But I have not heard it yet, and I must say that the people I speak to outside this province—and I speak to some very successful businessmen, among others—do not sense it either.

Now, this is not just provincial. It is federal as well, and it is one of those classic examples of where the provincial and federal governments have to work together very closely, although, given the fact that Ontario is the manufacturing centre of Canada, it is more incumbent on this province than on any other to deal with that particular situation.

The second big problem is the lack of any clear initiative on the part of this government—and this does not apply only to your ministry, but your ministry has to be involved in it—to get better relations between labour and management in the industrial sector of our economy. We simply have to assist people at those two levels in recognizing that they are in the same boat; that if we are going to compete worldwide, if we are going to compete even domestically against our outside competitors, then there has got to be a very different kind of industrial relationship in this province.

I could not help noticing a statement by Desmond Morton, who is a political scientist from Erindale College at the University of Toronto. This is dated September 28, 1982, and maybe the minister saw it. He is saying that the

hard economic times we are facing provide an opportunity for management and labour to sit down and establish different working relations.

Mr. Stokes: A great New Democrat.

Mr. Sweeney: Yes, very much so; and quite frankly, one of the reasons I picked it was because of that background. Let me read just one paragraph in his statement:

"Hard times are an opportunity for fresh thinking. Employers and even governments are trying to pare away waste and inefficiency. The adversary system, with its waste of time, talent and energy, should be on trial. Canadians have a brief moment when a new basis for shared responsibility and power might be found. If it passes, we shall guarantee ourselves further romantic but tragic chapters in our labour history." I am not conscious of any activity from your ministry to deal with that issue.

I want to quote another person, as a matter of fact—once again because my colleagues in the New Democratic Party often quote him with respect to his very favourable attitude towards working people—Pope John Paul on November 8 in Spain. You may be aware of the fact that he visited there and talked about the whole question of creating jobs. He spoke about the need for changing some of the economic order if we are going to create jobs. Again let me quote one paragraph that ties in with the whole thing:

"The Pope urged recognition of the important need to overcome the unnatural and illogical antagonism between capital and work, a conflict which has been artificially fanned by the programmed class struggle."

The minister might remember that not very long ago in the Legislature I introduced a private member's resolution dealing with this whole question of closer relations between labour and management in our province. It dealt very specifically with the way in which they might look at the possibility of avoiding plant closures, shutdowns and layoffs. But we also talked about the way it could lead to other kinds of co-operation: if they could find ways to work together in hard times, it might be just the incentive that is needed to find ways to work together in better times.

11:50 a.m.

I do not think I have to remind this minister that when we look at the economic success of countries like West Germany and Japan one of the high priorities which they have and one of the main reasons which they list for their success is better labour-management relations

than they have here. I am not qualified equipped to say who should take the lead, whether anybody is at fault. That is not the issue. The question is not what happened yesterday, but where do we go from here today?

Mr. Wildman: Are you advocating the establishment of industrial democracy?

Mr. Sweeney: I do not care what you call it, I am not hung up on those kinds of philosophical labels. I am hung up on the need, in the fierce competitive world in which we work now, to give our people in this province a better break, a better chance. The only way that is going to happen is if we provide the incentives, the initiatives, the vehicles or whatever, to help them work more closely together. If we do not do that, we are literally going to be taken to the cleaners. All the wonderful plans, schemes, technology centres and trade offices will not do us any good if we do not accomplish that.

I appreciate, Mr. Minister, that this is not solely your responsibility. The Ministry of Labour and the Ministry of Colleges and Universities, which is involved in manpower training, both have to get involved in this. The government as a whole has to get involved. But you are at the peak; you are the guy on the firing line. It is your ministry that, frankly, will stand or fall, succeed or fail, according to the degree to which the co-operative spirit is enhanced in Ontario. That is my second point.

The third point I would make, also resulting from my task force, is the lack of liaison between business and education in this province. I do not know whether the minister remembers a conference which was convened at Seneca College in June 1978—if my memory serves me correctly, it was convened jointly by the then ministers of Labour, Industry, a Tourism and Colleges and Universities—on the whole question of the need for skilled labour in Ontario.

Of all of the statements that came out of that conference, which involved business as well as education and government, one of the most startling was a paper released by the then Treasurer and Minister of Economics Dar McKeough. Do you remember that paper? In the minister said that surveys and studies done by Treasury and Economics indicated that two thirds of the skills shortage in Ontario was due to structural inefficiency. The theme of that paper was unemployment and jobs for young people, and he said that only one third of the skills shortage was caused by cycles of economic decline and progress. He said there was

ways bound to be a certain amount of upset in those cycles. I did not bring my copy of that statement with me, but I am sure the minister has it somewhere in his files.

He referred specifically to educational planning and the lack of it. He specifically mentioned that industry and education, particularly at the secondary and post-secondary levels in Ontario, simply did not work together, that they do not even talk to each other in many cases.

I would suggest to the minister that just as there is a strong need for labour and management to work together much more co-operatively, there is an equally strong need for industry and education to work very closely together.

I do not want to leave you with the wrong impression. I am not suggesting that our educational institutions, our school boards, should be the sole beck and call of industry in Ontario. I am not talking about that at all. I am not talking about the schools simply being training machines, if you will, for industry. I am talking about both sides sitting down to find better ways of working together for the benefit of the young people that they are educating and training and employing. That theme came up time and time again during my task force across the province.

As a matter of fact, I had an interesting experience which, if it had not been as serious as it was, would have been laughable. In a very large urban centre which I will not name, I met with educational officials from two school boards—trustees, directors, principals and guidance counsellors—for about three hours one morning. We talked about the needs of young people, about youth unemployment, about training and all of that. They had several suggestions, but they ended up their comments with, "If only business and industry would do blank, blank, blank." You can probably fill in the blanks as well as I can.

At noon on that same day, I met with a group of people from a broad range of businesses; from some of the largest businesses in that community down to small retail outlets run by two or three people. We talked about the same things. At the end of that, the comment was, "If only the schools would do blank, blank, blank." I said: "Don't you people talk to each other? You are both dealing with the same group of young people. Don't you share with each other what you are doing, what you are trying to accomplish and what your needs are? Don't you businessmen go into the schools and say: how me what you are doing. I want to understand what is happening here and how you

are preparing these people. I want to tell you what my needs are; the kinds of skills and learning abilities these people must have if they want to be successful with me, if I am going to be able to offer them a job."

The schools have to go to business and industry and say: "Show me what is happening here. What kinds of career and job opportunities are available for our young people? Can I understand better what the transition is from the world of school to the world of work for the young people I am working with?"

It is happening in some communities. In Guelph, for example, Guelph Collegiate Institute has an excellent co-operative education program involving 200 employers in that city. I attended a dinner about a week and a half ago with the 200 employers who are in that program. I can tell you, there are far fewer problems in that community than in most of the ones I visited. There are some other good examples. Ottawa has the beginning of a good program and so do Hamilton and St. Catharines. But they are the exceptions.

As I said earlier, I know the minister is not totally responsible for these things. But surely he has learned, and probably very quickly, that he cannot isolate just specific things under the banner of his ministry's responsibilities. There are certain spillover effects. These are the people who will go into industry. These are the people who will either be successful or unsuccessful in industry. These are the people who are going to help industry in Ontario to do the kinds of things it wants.

The minister is well aware that just a couple of years ago there was a hue and cry—every newspaper carried the stories—about industry in Ontario not being able to get skilled help and not being able to expand. They had markets and products, but they could not get the people to build them. That comes under your jurisdiction.

Let me move on. Another problem we face is relying too heavily on imports. The minister and I have had some disagreements on this in the past and we will probably disagree in the future. I believe we have to rely on ourselves much more than we have done in the past. I am really concerned about the limited amount of industrial research we do in this province compared to the amount we import. A lot of that has to do with our branch plant economy and the fact that the parent firm does the research in the United States, Europe or someplace in Asia and simply passes it on to the subsidiary in Ontario.

12 noon

That whole question of branch plant economy has to be dealt with here. If we are really going to stand on our own two feet industrially, we are going to have to do a lot more of our own research. The minister is well aware of the fact that in this country we spend something like 0.9 per cent—it is less than one per cent—on industrial research. Our strongest competitors, countries such as West Germany, Japan and Sweden, spend in excess of two per cent, or double what we spend. I think Japan is up to 2.5 per cent, or more than double what we are spending. We wonder why they are ahead of us competitively. It is no surprise.

I am very concerned, and we touched on it just a few minutes ago, about the amount of skilled labour we import into this country. When the federal minister says we are going to have to bring 20,000 to 30,000 skilled people into the country every year, and we have all these young people unemployed and untrained, I think that is part of our problem.

I am concerned about the amount of capital we have to get outside of Canada. We have the irony of Canadian capital flowing into other jurisdictions while we are out scrounging to get capital in here to help our businesses. The minister is well aware of the fact that one of the biggest problems faced by small business in Ontario is undercapitalization. It is a far greater problem than management difficulties. We hear so often when small businesses go under, "Oh, well, they were badly managed." That is not the problem in most cases. In most cases they go under because they are undercapitalized. When we have to continue to rely on capital coming from outside the country and so much of it is here but we cannot provide the incentives for it to be invested here, then we have a problem. I spoke about branch plants before.

Another concern I have, and the minister and I have discussed this before, is the penchant for this government to participate in fed-bashing, to use almost every political opportunity to point out what is wrong with what the federal government does. I am not holding any particular candle for them, but the simple fact remains that in jurisdictions such as Canada and Ontario, the two top levels of government have to work together. All this political fed-bashing that goes on—the Foreign Investment Review Agency is an example of that, and we will get to it a little later—in my judgement does not do any good whatsoever. It does not begin to solve the problem.

Despite the minister's comments and those of

his predecessors about small business, the record suggests that your concentration is much more on big business; there is much more attention given to big business. When we look at the kind of grants given, many more of them are received by medium-sized and big businesses than by small businesses. I will be very specific about that in a few minutes.

When we look at this present emphasis on trade and export, much as I applaud that, the emphasis once again is on big business. Yet I comment that it is small business that creates the jobs in this province and that small business is where all the innovation is going to take place; yet once again your emphasis, attention and money go on bigger business, not on small business. It is one of those cases where, as I am told by small business and the association of small business, one thing is said and another thing is done. I think we really have to get into that issue.

Hon. Mr. Walker: Come with me tomorrow to North Bay and I'll show you the difference between the statements you have made and what is actually the case.

Mr. Sweeney: We'll see.

Hon. Mr. Walker: I'll take the whole committee, if you like.

Interjection: Are you going to be back tomorrow night?

Hon. Mr. Walker: Yes.

Mr. Sweeney: The last point I want to make with respect to what I think are the problem concerns the mixed signals going out to industry in this province about the degree of government involvement and intervention. The minister has said very clearly that he is a free enterpriser; he wants to deregulate, to get government out of business. Yet we see the government involved in grants such as those from the Ontario Development Corp. and a lot of grants directly from his own ministry. We also see the government involved in such things as Suncor. People are confused.

I do not want to sound paranoid about this but I think it is important that when those kind of mixed signals go out—and the minister should know this even better than I do—the business community does not know which way to turn. They do not know how to deal with government. They are not sure what you are going to do next. They are not sure what you mean when you say certain things. It is almost like that Orwellian word "doublespeak."

Again I am not convinced that it is necessarily

liberate in that sense, but what I am trying to caution the minister about is that he has to be very perceptive as to not only what he or his ministry says but also how what he says is perceived and seeing that there is a certain level of internal consistency and internal stability over a period of time and over a period of issues. You cannot be on all fronts at all times and be believed. You have to indicate a certain sense of direction. Maybe that comes back to the very first point I made with reference to some clearly defined and clearly stated industrial strategy that the government is prepared to work on after fairly lengthy and honest dialogue with industry across Ontario.

I indicated earlier that there are some serious problems in this province and, despite the fact that the minister is very optimistic, the facts do not speak to that. I am referring now to material from the central statistical service of the Ministry of Treasury and Economics for Ontario; some of it is from Statistics Canada and some from the Ministry of Labour. Those are the kinds of sources I am referring to, so I think they are reasonably reliable. These figures are not made up from the air.

The minister is aware, for example, that in the second quarter of 1982, for the first time in 22 years, there was an actual decline in the gross provincial product of Ontario. It has never happened since 1960, which was the last time there was an actual decline. The records show, when you go back for the past several years, that the increase in productivity is going up and down.

Hon. Mr. Walker: Not to mention in all the other provinces and countries that surround us.

Mr. Sweeney: That's their problem. We have our problem here. When it hits here, with our strengths and our base, we have to be deeply concerned about it. And when it happens for the first time in 22 years, it is serious.

Unemployment rates in Ontario: Year to year—the figures I am quoting now are for September 1981 to September 1982—there has been an increase from 7.1 per cent to 11.1 per cent, a four per cent increase in a 12-month period of time. That is extremely serious. Youth unemployment—that is the 16- to 24-year-old group—shows an increase from 11.8 per cent to 17.3 per cent, or 5.5 per cent, from September to September.

Employment: The minister will be well aware that the Treasurer (Mr. F. S. Miller) and the Premier (Mr. Davis) often say: "You people in the opposition are always talking about unem-

ployment, but you never talk about employment. You never recognize the fact that we have many more people who are employed in Ontario." Do we? In September 1981, there were 4,210,000 employed in Ontario. Twelve months later, in September 1982, there were 4,034,000 employed, a drop of 4.2 per cent. We are not talking about unemployment. We are talking about employment.

Hon. Mr. Walker: That is seasonally adjusted.

Mr. Sweeney: Yes.

Hon. Mr. Walker: That's the trouble with seasonally adjusted ones.

Mr. Sweeney: It's still a factor.

Hon. Mr. Walker: We could get the actual ones for you.

Mr. Sweeney: Unemployment in Ontario municipalities: I am sure the minister is aware that from September 1981 to September 1982, in the city of London, unemployment increased from 7.3 per cent to 11.8 per cent. I am very concerned that in the city of Kitchener, from September 1981 to September 1982, unemployment increased from 6.9 per cent to 11.4 per cent.

Permanent and indefinite layoffs in Ontario: The last figures I have are for August 1982. There was an increase of 144 per cent in the number of layoffs between August 1981 and August 1982.

Housing starts: Construction, as an industry in this province, does not come directly under the minister's responsibility, but it certainly affects the whole industrial and economic structure of Ontario. From September 1981 to September 1982, there was a decline of 54.3 per cent.

12:10 p.m.

Business bankruptcies in Ontario from August 1981 to August 1982 increased by 90.6 per cent. Here is an interesting figure, one I had not been aware of before. I have never heard the minister or anyone else mention this area, which is business bankruptcies with respect to liabilities. The increase from September to September in the liabilities from these bankruptcies increased by 167 per cent.

I am sure if the Premier were here he would talk—and maybe the minister will too when he responds a little later on—about the doom and gloom of the opposition. As Peter Trueman on Global TV says, "That too is reality." That is the way it really is and that is the base upon which we have to—

Hon. Mr. Walker: It does not have to be that way though.

Mr. Sweeney: Oh, I agree with you. I most certainly agree with you.

Hon. Mr. Walker: Opposition should always take the positive.

Mr. Sweeney: As a matter of fact we would very glibly say, if it were not for the poor management of the Conservative government of Ontario for the last 40 years or even the last decade, things would not be quite that bad.

Mr. Andrewes: Can we call him Dr. Negative?

Interjection: What would you say about the federal party?

Mr. Sweeney: I think the federal party is involved in its share of it as well, but I do not think that helps matters much.

Mr. Andrewes: Oh, fed-bashing there.

Hon. Mr. Walker: Just remember we are the enemy around here and not the federal government.

Mr. Sweeney: That is right. I am glad you reminded me of that.

Mr. Wildman: I think both of you are.

Mr. Sweeney: I want to spend a little time going over two or three items I touched on briefly in that opening description of what I think are some of the problems. If I remember correctly, the minister said when he took over his new responsibility, "Jobs, jobs and more jobs are what this ministry is all about."

Mr. Wildman: If you had just said it six more times, you would have covered all the jobs in Elmira.

Mr. Sweeney: Almost. You would need to say it—yes, that is right; six more times.

Hon. Mr. Walker: All the ones with ODC; 14,000 more times with the ODC.

Mr. Sweeney: Eight imported and one local.

Hon. Mr. Walker: Fourteen thousand for ODC.

Mr. Sweeney: I want to talk about ODC later on. I want to caution you in advance that you had better take another look at those job figures you associate with them, because we are going to bring up a couple of points that are not going to make them look quite so healthy.

As a matter of fact I would even go so far, since the Speaker is not here and the member for Nipissing (Mr. Harris) is not listening, as to say there is a certain amount of misleading going on with those figures. We will talk about that. I just caution the minister not to be quite so

quick to associate job creation with ODC because we are very sceptical about it.

Job creation, surely, is one of the chief concerns of this minister. I indicated earlier that is one of the reasons I wanted to get involved being a critic of this minister. The minister conscious of the task force I participated in, the kinds of things which came out of that task force, the kinds of structural problems, the kinds of lack of liaison between business and education, the lack of training that goes on in this province which we have already touched on briefly, the way in which we rely and have relied for far too long on importing our skilled training, and the degree to which there is so little accurate forecasting that anybody can get involved in.

What I am saying is, if job creation really the major thrust of your ministry and if, philosophically, you believe that is one of your major concerns, then these are the issues you have to deal with. It is not good enough just to talk about them. We have to get ready for the new technologies; we have already talked about the robotics.

I was very concerned, for example, about a statement that was made by your parliamentary assistant, John Lang, and I pointed out to Mr. Lang that I was going to quote him.

Mr. Williams: Lane.

Mr. Sweeney: Oh, Lane.

Mr. Wildman: Four lane.

Mr. Andrewes: Four-lane highway.

Mr. Sweeney: Oh; well who is John Lang then, who made a policy statement on February 18 in Peterborough? Should it be "Lane"?

Mr. Williams: Probably a federal Liberal.

Mr. Sweeney: I doubt it; for the Ontario Ministry of Industry and Trade?

Mr. Kolyn: That is easy enough.

Mr. Williams: If it is John Lane, it's got to be good.

Mr. Wildman: John was incognito.

Interjections.

Mr. Sweeney: I think John is accepting the responsibility for it. John, I think we will all recognize that somebody typed this up for you and handed it to you and said, "Run down to Peterborough and speak these wonderful words. It is about robotics.

This is the key paragraph that jumped out at me: "The second point, the social factor, indicates a rapidly declining per cent of the world force will actually be involved in manufacturing

the turn of the century. In 1947, 30 per cent were involved in manufacturing. Today, the figure is 21 per cent and projections to the year 2000 range from a low of two per cent, as seen by the Rand Corp., to a high of 10 per cent as projected in a Harvard University study."

If we are actually talking about a labour force in Ontario that is going to drop from a high of 30 per cent in 1947 to a low of two per cent by the turn of the century, we have a serious problem. What I would like the ministry to address itself to before these estimates are over is the degree to which it believes its own words. I guess that is the first one.

Do not say to me, "Well, that is not going to happen." If you believe it is not going to happen, you should not be saying those things, although a lot of predictions from different sources other than the Rand Corp. and Harvard University are suggesting these things are going to happen.

The question is, what are the alternatives that are in place? What are you doing through the Ministry of Industry and Trade? What are you doing in co-operation with the Ministry of Labour, the Ministry of Colleges and Universities; and the Minister of Community and Social Services to a certain extent? What are you doing to deal with this critical human issue that is related to industry in Ontario?

For example, people have said, "Ontario has to get rid of its textile industries, its shoe industry and all those nonproductive industries that are not going to be able to compete with Hong Kong, Taiwan, etc."

There is a critical question. What do we do in the textile industry which in Ontario and Quebec employs something like 320,000 people? It is something like that because a couple of years ago there was a big question about the tariffs, involving Ottawa with the General Agreement on Tariffs and Trade and all of that kind of thing.

A lot of these people, because of age, education, inclination, whatever the case may be, are not going to be turned into high technology technicians. What are you going to do with these people? That is a problem for your ministry as well as those others. You cannot simply say, "Somebody else has to look after that."

We have talked about small business a number of times and I am going to deal with it much more extensively when we get into the vote on small business, but there are a couple of points I wish to refer to at this time.

I mentioned that small business itself is con-

cerned about a number of things. As a matter of fact, I noticed in the April issue of Small Business magazine, "The Minister of Industry and Tourism for Ontario, the Honourable Gordon Walker, has set up a task force to look into the question: why do so many small businesses fail?" That task force, I understand, is supposed to report in December, which clearly indicates the minister is at least concerned about that issue and is at least trying to look into it.

Let me share a couple of things with you if you want to know part of what the problem is. In a speech given by the minister on May 31, 1982, he pointed out, "There are already more than 400 programs available to small firms in this province from both the Ontario and federal governments."

12:20 p.m.

That is part of the problem. There are a lot of needs of small businessmen in this province, but quite frankly they do not need 400 layers of bureaucratic red tape. That is the way they view most of your programs. In fact, some of the small business people and the associations dealing with small business said that if you were to scrap all 400 of them and put in one, clear, comprehensive assistance program, that would be much more helpful to them.

As a matter of fact, the Canadian Federation of Independent Business did a survey of the degree to which its members actually participate in all these wonderful programs. Do you know what the result of that survey was? Members were asked if they had received economic or advisory assistance under provincial programs aimed at helping small business. Those who said no were 81.9 per cent, 17 per cent said yes, and one per cent had no opinion. In its view, that is a clear indication that its members at least tend not to use provincial programs.

Hon. Mr. Walker: Probably a credit to the small businessmen.

Mr. Sweeney: Don't misinterpret it. Let me go one step further.

Hon. Mr. Walker: They can solve problems on their own.

Mr. Sweeney: They were asked what was their most useful source of business information or advice. Responses for Ontario were quite consistent. Suppliers, professionals and trade associations were the three runaway leading sources of information. The second lowest response nationally and the lowest in Ontario,

0.9 per cent, was provincial government ministries and agencies.

Hon. Mr. Walker: A credit to their self-reliance.

Mr. Sweeney: Bull, to be very polite—I was going to say in mixed company.

Hon. Mr. Walker: Which bull? Which side?

Mr. Sweeney: I do not care which side, but it is still bull.

I really cannot resist talking about the Ontario Development Corp. just for a moment. That wonderful program that we are going to talk about much more extensively in a couple of days. We talk about ODC helping small business in Ontario. Let us take a look at it from the period 1977-78 to 1981-82; these are the most recent figures. The number of loans to small business through the ODC program declined from a high of 157 in 1977-78 to a low of 12 in 1981-82. The dollar amount went from \$10.5 million to \$650,000, just over half a million.

In the same time period—

Hon. Mr. Walker: Just a minute, what was that again? I have the figures, but—

Mr. Sweeney: Okay. The actual number of loans went from a high in 1977-78 of 157 to a low of 12 in 1981. In case you are wondering, do you know what the source of this is? It is those reports you put out every year about all the loans that go to people. You have many pages of names and amounts. We checked on some of those companies and found out what they were, small, medium, etc. That is where these figures come from. Your people can check them too.

The number of loans went from a high of 157 to a low of 12, the dollar amount from a high of \$10.5 million to a low of \$650,000. As a percentage of the total corporation loans, it went from 20 per cent in 1977-78 to 0.1 per cent, one tenth of one per cent, in 1981-82.

Hon. Mr. Walker: There is a gross misreading of these; but we will get you the actual figures.

Mr. Sweeney: I am not going to go through it all. We will get it. You can check the figures yourself, but in the last one here—by the way when I talk about ODC, I am also talking about the Northern Ontario Development Corp. and the Eastern Ontario Development Corp. In 1977-78 the percentage was 19.7. In ODC annual reports, it dropped to 5.9, 0.7, 1.0 and 0.1 per cent of loans made and guarantees given from 1973 through to 1982. Those are your documents. So when you tell us what you are doing for small business in Ontario and how wonderful your

ODC program is, you had better look at the results.

Hon. Mr. Walker: We will give you an answer about that. By our definition of small business which is consistent with what the traditional groups define small business as, 80 per cent the ODC loans go to them.

Mr. Sweeney: We must have two very different definitions of small business then.

Hon. Mr. Walker: Obviously there is a problem. We had better rectify our reports if they are coming out saying that.

Mr. Sweeney: You are looking for the problems of small business. Let me share with you another very great concern that small business has in Ontario; that is the recent request from the Treasurer (Mr. F. S. Miller) for increases payroll tax. Let me share with you, for example the fact that from 1969 to 1981 payroll taxes in Ontario increased from 23.9 per cent to 50.9 per cent for selected types of businesses.

I will give you some breakdowns. There was 50.5 per cent increase in Ontario health insurance plan, a 55 per cent increase in unemployment insurance, an increase in payroll taxes for manufacturers of 50 per cent, an increase for construction firms of 50.9 per cent, an increase for garages of 33.8 per cent. The small businessmen I talked to said that is one of the most crippling and employment-inhibiting factors they have to deal with.

The top increase was unemployment insurance. But the next two, which were fairly close, were OHIP and workmen's compensation payments. Way down at the bottom of the list were Canada pension plan contributions. What the people are saying is that if the province continues to load these kinds of costs onto industrial payrolls, then you are going to continue to see the kinds of declines you are having now. If your task force is going around trying to find out what the problems are, that is one of the problems they have to deal with.

Hon. Mr. Walker: I thought you people wanted all OHIP premiums paid to manufacturers.

Mr. Sweeney: I certainly do not.

Mr. Kolyn: What would the new Weiler report cost then?

Mr. Sweeney: I have no idea. All I am saying is that if we want to know what the problems are, and how to deal with them, we have to look at those kinds of issues. The degree to which funds are available and the degree to which

er costs are imposed upon them are the kinds of things we have to deal with.

Mr. Chairman: Mr. Sweeney, could I interrupt for a moment? It is almost 12.30. I think it would help the minister and his staff if we could come up with some kind of estimate of when we might be dealing with what, so that some staff are not here perhaps three or four days in a row if there is no need for them to be. The question of everybody's mind is how much longer you will be, and we can go from there.

Mr. Sweeney: That is a nasty comment.

Mr. Chairman: That is a fair question.

Mr. Sweeney: It is a fair question, but it is still a nasty comment.

Mr. Kolyn: We still have to hear from the third party. They will drag it out.

Mr. Sweeney: They do not have much to say. I guess maybe I have another—

Mr. Wildman: The more you say the more I will have to say. I have to counteract all the statements you are making.

Mr. Sweeney: That is good to know. It will make for an interesting statement. As we so often say, the third party sometimes forgets who the enemy is.

I guess about 20 to 30 minutes as a maximum. I intend to think that will cover most of the things I want to say on the first vote as well. That is from my point of view. Of course, you are going to have to ask my colleague from the third party whether he can move fairly quickly into the next three major votes over the next four days.

12:30 p.m.

Mr. Wildman: I realize Mr. Sweeney has moved as quickly as he could in the votes this morning, but I will probably be about an hour.

Mr. Chairman: Mr. Minister, how is the staff breakdown on votes?

Hon. Mr. Walker: I am prepared to stay here this afternoon, if you like.

Mr. Chairman: The minister also offered to go to North Bay for tomorrow's meeting. Nobody took that up.

Mr. Wildman: I would very much like to do it, but my son is in the hospital so I am going home to see him. I assure you I appreciate the offer.

Mr. Chairman: We are looking at Thursday, next Tuesday, next Wednesday and a couple of hours next Thursday.

Mr. Sweeney: If I remember the votes correctly, the fourth vote is pretty well all on the development corporations. The third vote deals primarily with trade and export, that kind of thing. Do you want to leave the last two days, one for each of those? I have not thought about it clearly. I am just suggesting a rough schedule.

Mr. Wildman: It would be useful if we could try to avoid spending a long time on the first vote.

Mr. Sweeney: That is why I say our two opening statements will probably cover most of the issues that are traditionally covered in the first vote under administration. Then we can get right into—

Mr. Chairman: So we could leave vote 2204, then, until a week tomorrow, the last day, Thursday?

Mr. Sweeney: And trade until Wednesday?

Mr. Chairman: Leave trade until Wednesday to see how we make out tomorrow night.

Mr. Sweeney: Then we will spend tomorrow night and Tuesday on the first two votes, including the opening statements.

Hon. Mr. Walker: Trade is next Wednesday and vote 2204 is on Thursday, the last day.

Mr. Sweeney: And industry on Tuesday. We will try to finish the opening statements and the administration item tomorrow night. Is that reasonable?

Mr. Wildman: I will be coming back here tomorrow.

The committee adjourned at 12:30 p.m.

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Ontario

LEGISLATIVE ASSEMBLY

No. R-30

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Industry and Trade



Second Session, Thirty-Second Parliament
Thursday, November 18, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, November 18, 1982

The committee met at 8:12 p.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE (continued)

The Vice-Chairman: I see a quorum. Mr. Sweeney, you indicated you have approximately 15 minutes to half an hour left and then we will adjourn to Mr. Wildman.

Mr. Sweeney: Mr. Chairman, I believe I left off when we were discussing some of the shortcomings of this ministry's dealings with the small business community.

Hon. Mr. Walker: You had finished that and you were starting—

Mr. Sweeney: Oh, I do not remember that part. I think we will have to check Hansard.

Hon. Mr. Walker: Let me refresh your memory. I have the notes here.

Mr. Sweeney: Anyway, before I go any further, I noticed a very quizzical look on the minister's face when I referred to small business and the Ontario Development Corp. loans. I had also indicated to the minister that our sources of information were the annual reports of loans and guarantees by the ODC.

The minister will appreciate that the various types of loans, and I have already checked this out with your official, are identified in the fifth column. One type is SB which I understand from your review of 1978-79 is identified as small business loans.

While it is entirely possible there would be small business loans under the other types of loans, we have no way of knowing what they are because the minister will be well aware the report given does not identify the size of the business. Therefore, my reference to those figures on Wednesday morning, I believe it was, was as to those which are specifically referred to as small business loans. We will just leave that on the record so the minister knows what I was referring to.

Hon. Mr. Walker: I am not sure I know yet what you are saying in this comment. Are you still of the same mind that you were yesterday when you raised the point?

Mr. Sweeney: The point I raised yesterday was that the Ontario Development Corp. has, since 1977-78 up until the report of 1981-82, allocated a considerably smaller amount of its funds to what is described in its annual report as small business loans. That is the reference.

I recall the minister indicated there were a number of other loans that were given to what would be referred to as small business under a different definition. It would certainly be helpful in two ways if the minister would indicate, first, what definition it uses for small business and how one is supposed to recognize that from the annual report we get because there is no way of designating, at least not that I can see, other than using the SB designation; and second, if small business in the province, as the minister defines it, is getting more of the loans than I drew to his attention.

For example, the ministry's report of 1978-79 identifies five different kinds of loans: the Ontario business incentive program; export support loans; tourist loans; industrial mortgage loans; and one specifically defined as small business loans. That is what I was referring to. When the minister responds to my comments, he will know what my reference was.

Hon. Mr. Walker: I do not want to interrupt other than to say that what you are reading is being misinterpreted. I think I will be able to demonstrate the difference; that is between one category of loan, a small business loan, as opposed to "loans to small business." I will concentrate on the latter and show you that 87 per cent of our loans were to small business irrespective of the fact it may have been categorized otherwise. It is something we obviously should rectify in our reporting function.

Mr. Sweeney: If there are loans going to small business under different categories, I would draw to the minister's attention that it is difficult to spot them in his reports.

Hon. Mr. Walker: That is right. You can almost assume that all loans are to small business. That is the first assumption.

Mr. Wildman: And all grants are to big businesses.

Mr. Sweeney: Touché.

I would simply mention that, in terms of the minister preparing his reply to my comments, the Alberta operation which is similar to the Ontario Development Corp. has a much more precise annual report in terms of what kinds of firms are getting these loans. When we talked to some of the small businesses, they had to admit to us as well that to the extent that they had access to this report, they too had difficulty knowing which were small business loans and which were not. The minister might want one of his officials to take a look at the Alberta type of report and see whether or not that might not be more helpful.

Hon. Mr. Walker: That sounded like the adjournment bell to me.

The Vice-Chairman: I don't think we heard that bell. Carry on.

Mr. Sweeney: I want to leave a number of my other comments on small business to the section of the vote where we deal with it more specifically, but I wanted to draw one thing to your attention because the minister will recall that I had been somewhat critical of his allocation of approximately \$250,000 to an advertising campaign when in fact a number of small businesses in the province could have used that money in a different way.

It was purely coincidental, but I am sure the minister's attention was drawn to the story in the Tuesday edition of the Toronto Star about the AGM Machine and Parts Ltd. which is a small business, as I understand the minister's definition of a small business now. It is also a computer-aided manufacturing business which is certainly on the minister's list of high technology and the kinds of business they want to support.

I just want to draw the minister's attention to one paragraph here. The article said about Mr. O'Gorman, the owner of this business, that, "In an effort to keep the company going, he also contacted the Ontario government, which he says was helpful and provided information, but isn't currently offering funds to small business."

That is exactly what I had in mind when I said that kind of money could be better used some place else.

The other irony is that the Savin Corp. was just about to give this company an order which would have been worth \$300,000 a year, but decided not to give it to them because they were in this rather precarious financial position. Here we have a firm that is Canadian-owned and managed and is high-technology—as a matter of fact, it is involved in the same kind of high-

technology the minister has set up one of his technology centres to develop—and they simply cannot cope. They came to the provincial government and were told, "Sorry. We understand where you are at, but we do not have anything to help you."

Hon. Mr. Walker: I doubt that kind of comment was put out in that way.

Mr. Sweeney: It would be interesting to have the minister check and see what they did ask you for and what they were told. If the minister is aware of more than what is—

Hon. Mr. Walker: I am advised of the fact over my shoulder here—

Mr. Wildman: Are you not into them for \$500,000?

Hon. Mr. Walker: I do not think so. It is my understanding, and I have just received this information from Mr. Croll, who is the chief executive officer of the Ontario Development Corp., that ODC was not approached on it and that the Ministry of Industry and Trade was approached. The Ministry of Industry and Trade said that in view of the rather moribund state of the economy of that particular company which was, according to the officer at the time extremely depressed, ODC under the rule provided by this Legislature would not be in a position to afford them assistance.

I think that was the observation that was made. I have paraphrased that as accurately as I can. In fact I think I have quoted it almost verbatim in as accurate a way as I can. I cannot explain to you how the newspaper would report it in such a way, nor can I explain how the individual who is quoted as having said it arrived at that position. All I can say is that this is the countervailing evidence.

8:20 p.m.

Mr. Sweeney: Well, that may be. The report indicates that at the time they asked for help they had \$295,000 worth of orders on hand and this other \$300,000 potential order from Savin Corp., and their total indebtedness at that time at least to the bank that was calling it in, was \$216,000. According to my mathematics whether it is new math, old math or Ministry of Industry and Trade math, that looks like a reasonably healthy situation, but I will certainly admit that a newspaper story by itself may not contain the whole story.

One of the reasons I wanted to draw it to the minister's attention—and I am quite prepared to hear the minister's version of this situation once somebody has had a chance to check into

—is that it clarifies once again the point I made earlier that the biggest problem facing many of these small manufacturing businesses is undercapitalization. Jim Bennett from the Canadian Federation of Independent Business made a very pointed comment on this same subject. He points out that our banking system is just not geared to this type of thing, and he is referring to this kind of capitalization need. He goes on to point out that we really do not have an equivalent to the merchant banks in Europe.

As I read through the many brochures the Ontario Development Corp. puts out about being the banker or lender of last resort, it seems to me that this surely should be one of its mandates; that when the existing banking system is either unable or unwilling to assist a business like this—and I will accept the fact that this may not be the best example, but I am sure we can find others if we both dig a little bit harder—we need some variation of the merchant banks of Europe in order to help our small businesses. I will leave it at that until we get a chance to deal with small business more specifically in the vote.

I would like to move on to the relationship between this provincial government and the federal government. The minister will recall that I made a very brief reference to the fact that in my judgement, given the kind of economic, population and manufacturing structure we have in this Confederation of ours that we call Canada, it really is impossible for any one level of government to deal with the situation by itself. There has to be a very close working relationship. I also referred earlier in my remarks to my concern about the fed-bashing of the federal government that goes on so frequently by ministers of this government, including the premier (Mr. Davis).

I want to draw the minister's attention to an interview he had with the Better Business Bureau of Metropolitan Toronto, which is reported in the August-September issue of the *Bureau Beat*. The interview was between the minister and Paul Tuz, who is the publisher of *True Facts*, one of the publications of the Better Business Bureau.

The minister refers to the Foreign Investment Review Agency. Of course, I have several newspaper and magazine articles in which he makes a little poke at FIRA. But let us just set the stage here, and if I am quoting the minister correctly he should certainly feel free to say so.

This particular interview says: "Mr. Walker

said the Foreign Investment Review Agency set up by the federal government to control foreign investment has caused horrendous problems for Ontario. Historically, Canada depends upon foreign investment to thrive and has created much wealth over the years.

"We need foreign investment to grow. FIRA is an impediment. FIRA has caused a worldwide feeling that Canada does not want foreign investment, which is the wrong impression."

When we were discussing the formation and composition of the new ministry, the minister will recall I indicated that probably one of the ways in which he and I most strongly disagreed was with respect to such things as FIRA and control of our own economy, our own industry and our own destiny.

In June 1982, Mr. Herb Gray, who was at that time the Minister of Industry, Trade and Commerce for the federal government, was responding to a similar comment from the Premier of Alberta, Mr. Lougheed.

Hon. Mr. Walker: A contiguous comment.

Mr. Sweeney: Yes, it seems to be.

I was particularly struck by the last paragraph of Mr. Gray's comment. He said:

"What FIRA has done over the years of its existence is enable the government to ensure that such foreign direct investments do bring real and significant benefit to Canada in such areas as research and development, the transfer of technology, world product mandating and job creation. I would have to question whether there are any Canadians, including Mr. Lougheed"—and I would say including the Honourable Gordon Walker—"who would object to our commitment to pursuing these kinds of objectives."

The irony is, and I am not going to quote it, the minister will remember he gave a speech—I have a copy of it in my file here—not too long ago in which he said almost exactly those same things. If I get a chance a little later on, I will read the minister's quote. I find it a little ironic that the minister criticizes the federal initiative when it is doing the very things he himself said it should be doing.

Mr. Newman: He did not say it. He wanted to say it.

Mr. Sweeney: Yes.

I also want to draw to the minister's attention an editorial in the *Toronto Star* of July 29, 1982, which says, "A number of voices have tried to

make a scapegoat out of the Foreign Investment Review Agency."

Hon. Mr. Walker: They are anti-FIRA.

Mr. Sweeney: Not quite.

It goes on to say, "On the contrary, these efforts can and should be part of a long-term solution." I will not read the whole article, but I want to make it very clear to the minister and provide him with an opportunity either to explain his position as far as FIRA is concerned, to withdraw his objection to it or, at least, to make it a little clearer. I feel very strongly that you personally are taking the wrong tack. It is an example of you and the federal government not working nearly as closely together as I think you should.

I also noticed much more recently, in an article in the *Star* on November 9, 1982, where it was pointed out, "FIRA processed 357 applications in the four months following the June budget, more than double the 176 processed in the same period a year earlier. And only six per cent of those applications were rejected." I have quite a file on FIRA and, if we have the time, I will come back to it later on.

One final quote: It would appear that from time to time, when it suits the position or the objectives of the Ontario government, it is not reluctant or hesitant about going to FIRA and saying, "We think you should block something." I have a reference from August 20, 1982, in which it was pointed out with respect to the potential Lipincott takeover, "The Ontario government informed the federal government the application was not compatible with its own objections and the application should be disallowed."

Hon. Mr. Walker: Do you know what year that decision was given?

Mr. Sweeney: No, I do not.

Hon. Mr. Walker: The opinion was given in 1979.

Mr. Sweeney: I do not think that makes an awful lot of difference. What we are really pointing out is that, on the one hand, FIRA can be criticized for doing the very things this minister says should be done in Canada—whether he agrees FIRA is the best vehicle to do it is obviously open to question—and, on the other hand, when it suits the government's purpose—and the minister has just indicated that it was probably his predecessor who so requested the federal government—

Hon. Mr. Walker: It was a totally different climate.

8:30 p.m.

Mr. Sweeney: I don't know. I think it happens to suit the times. In my judgement one of the biggest problems we have had and continue to have in this country is our reliance on foreign investment, foreign control, foreign skills, labour, foreign research, etc. Until we learn to stand on our own two feet, we are not going to solve our long-term problems.

My concern is that if we continue to rely on the kind of foreign investment which I understand the minister is referring to, we will solve all the short-term problems. But five, 10 or 15 years from now we will be back solving those same problems again. That is really the distinction I want to make. I do not want to be picky or picayune about this thing, but to make a really clear distinction. Until we take the bull by the horns, or whatever other expression you want to use; until we really become much more the masters of our own house, we will continue to face these same kinds of economic and industrial problems.

Hon. Mr. Walker: It is the best possible way to reduce our standard of living that I know.

Mr. Sweeney: Let the minister give us some indications of how he would deal with this longer-term problem rather than just—and used this phrase earlier—short-term crisis management. That is what we have done far too often here.

The second point I want to make with respect to relations with the federal government is in terms of his response. I would like the minister to indicate the ways in which there is a level of liaison between the government of Ontario and the government of Canada in areas such as:

Industrial strategy: To what extent do you sit down and talk together about long-term industrial strategy?

Export and trade: I indicated very briefly earlier, that while I applauded the minister's operation of trade offices, I wondered to what extent there was liaison and co-ordination between the provincial offices and the federal office.

I have a booklet in my office—I may ever have it here—which indicates a very large number of federal programs to assist small business. I wonder, to what extent is there liaison between the federal and provincial governments there?

Finally, to what extent is there liaison with respect to the area of research and development? Obviously, I am suggesting there should be liaison in these areas. It is my own sense that these are areas both governments, federal and provincial, are going to benefit from and that they should be working on in harness rather than in opposition. I have no way of knowing for sure what they are and this is the minister's opportunity to indicate them to us.

Let me touch very briefly on the auto industry. It is well known to be one of the major components of the Ontario industrial scene. I am a little concerned, however, when I hear the Premier responding fairly frequently in the legislature with respect to this industry, that the only way we are going to be able to solve our problems, the only way we are going to be able to solve some of the basic industrial problems of Ontario, is to get the American economy healthy again so they can buy our cars.

That is all very nice. But I hope the minister appreciates that if we are so totally dependent on one market and one industry for the economic and industrial health of this province, then we are in bad straits. I do not quarrel with the Premier's comment that we sell a lot of cars to the States—the figure is something like 75 per cent to 80 per cent—therefore, it certainly makes a difference when their economy is healthy. But if, as the Premier seems to be suggesting, we are in our present economic straits because of that trade relationship, then that surely implies we must diversify in such a way that we will not be caught like that again.

Using a little 20-20 hindsight it quite frankly seems reasonable that if this has been happening in the past, we should have been doing something about it in years past so as to have avoided getting caught that way now.

The second point I want to make is that in a speech in St. Catharines, and I believe it had something to do with the announcement that he was going to set up an automotive technology centre there, the minister took off rather harshly after the Japanese auto industry. I will not remind the minister of some of the comments he used with respect to Japan. It is fair enough that he points out to the Japanese car manufacturers that they had better do a little of their work here in Ontario.

But I also want to say, it does not do us much good to be critical of one of our trading partners, however much that criticism might be deserved. It seems to me it would be much more profitable if we looked at the kinds of things

they are doing and said, "To what extent in our society, with our historical background, our cultural background, our relationships with labour and management"—which we have already talked about—"can we emulate some of their successes?"

To what extent, for example, can we look at their whole management setup, which I understand has largely been borrowed from the Americans since the Second World War, which would make somewhat of a mockery of the hue and cry I frequently hear, "We cannot expect to repeat that here in North America, because that is part of Japanese culture." Again, that is a lot of bull.

The Japanese themselves are the first to admit that many of the successful management techniques they are now using are ones they borrowed from American management systems after the Second World War. If they did it, and did it successfully, we can do it too. If someone traced the history of those management systems, I would not be at all surprised to find that a few of them probably started here as well.

That is one thing. The second thing we need to do is the kind of market analyses they do. The minister is as aware as I am that they have their experts in every single market in the world and that they know two, three or four years ahead of time what those market needs are going to be. They know the kinds of products that are going to sell in those markets. They know the way in which those products are going to have to be designed so they will appeal to those markets.

That is something we can emulate. It does not take a tremendous amount of brilliance to realize the appropriateness of that. It is unfortunate that someone else had to show us that needs to be done but, as a matter of fact, we can certainly do it.

Their productivity levels: We know the things we are going to have to do to increase our productivity. We spoke earlier about the skilled training sessions they have. When we talk about the lifetime employment of Japanese workers, one of the ways in which they do this is that as soon as they have any economic downturn in any segment of their industrial economy, they send those workers back to be retrained and upgraded so that a year and a half or two years later, maybe only 12 months later, when another segment of their economy picks up, they have a whole cadre of skilled workers they can move into it. We can repeat that here.

Their emphasis on research: They spend 2.5 per cent of their gross national product on

research; I think we spend 0.9 per cent. That is the figure I referred to the other day. There is a significant difference. We can do that here.

Quality control: We know the setup they have to control quality. We have been told by purchasers in Ontario that the reason they buy Japanese cars, stereos and cameras is the quality. We also know that just prior to the Second World War, when one talked of something made in Japan, it was, "That tinny junk; who would buy that kind of stuff?" They have completely turned it around.

It is not a fair argument to say that we cannot emulate and repeat some of their success stories. What I am suggesting to the minister is that instead of going to St. Catharines and being critical of Japan, maybe we could look much more carefully at the things they do and the ways in which we can emulate them. Maybe we could turn the tables around and do a little imitation ourselves. They have certainly proven how successful they can be at it.

Finally, I want to touch briefly on the Board of Industrial Leadership and Development. I recognize this minister is not responsible for BILD. The chairman of BILD is the Treasurer (Mr. F. S. Miller), and I believe the Provincial Secretary for Resources Development (Mr. Henderson) is the vice-chairman. Perhaps somewhere along the line the minister could explain to me why his predecessor in this ministry was the vice-chairman of BILD and yet, when the ministry changed hands, that vice-chairmanship changed too.

It would certainly seem to me that if anyone in cabinet should be more closely identified with what we are told BILD stands for, and I think the minister is well aware of the criticisms we have levelled at the government, it should be this minister who should be dealing with it. We have grave reservations about BILD. Quite frankly, we have a sense that it is just a gigantic con game.

8:40 p.m.

I am reminded of some corporation setups—what do they call them? Is it shell companies when they just exist on paper? There is no building and no employees but, in some lawyer's office in some file, there is this definition of a company. That is the way BILD seems to be because every time, and I want to repeat this, every time we want to get any information when we call the so-called BILD office—

Hon. Mr. Walker: But the tech centres are all BILD. I thought you supported the tech centres.

Mr. Sweeney: I do. It is this whole concept called BILD. I do not know why we need it at all. I cannot think of anything else say except that it is just a great, big shell game.

Every time you call that office for information, using the number that is identified BILD's, they tell you to call someplace else. They tell you to call some office in the Ministry of Natural Resources, the Ministry of Industry and Trade or the Ministry of Agriculture and Food. They have nothing. It is something that sits in the middle. Money comes from Treasury it passes through BILD and it goes someplace else where it is spread out. They do not do anything.

Hon. Mr. Walker: They are following the blueprint introduced today by the member for Rainy River (Mr. T. P. Reid), not to build empires.

Mr. Sweeney: But it is an unnecessary appendage sticking right in the middle and does nothing. It does absolutely nothing. It is just a great big smokescreen. Why does the minister not be a little more honest and say what is actually happening, that we do not need that operation?

I realize this has nothing to do with your ministry, but when one drives along the highways in Ontario and sees a section of highway being built by BILD, what has that got to do with BILD?

There is another classic example referred to in the ministry estimates, the Metro convention centre. We did a little checking on that. That was supposed to be a BILD project. Of course, from all the hue and cry, the public certainly is being given the impression that this is a provincial project. There are two things. First, the Metro convention centre has been under study, review, planning and organization for years, long before BILD.

Hon. Mr. Walker: It was finally funded under BILD.

Mr. Sweeney: Let us look at the funding. Of \$134.5 million, the provincial commitment to this project is \$27 million, or 20 per cent. The rest is being put up mostly by the private sector, a large chunk by the municipal sector and a large chunk by the federal sector. I have a whole bunch of other examples here, but we will spend more time talking about them later on. If that is an example of BILD, it really is one gigantic con job. Somewhere along the line the minister and his colleagues are going to have to deal with that much more realistically.

I will leave my opening comments at that. We will come back to a number of other things with

ant to refer to when we deal with the particular notes.

In closing, I draw the minister's attention, very coincidentally, to an article in the Toronto Star of November 17. It is headed "Glimmer of Hope Amid Worker-Boss Wars" and is written by Richard Gwyn. It just happens to refer to the time reference I did on Wednesday morning about the unnatural and illogical antagonism between capital and labour.

It illustrates two good examples right here in Canada of two levels of government that are just beginning to do something about it. One reference, and the minister may have seen this, is to the British Columbia government, which has worked out a deal with its 40,000 civil servants rather than the way in which we are dealing specifically with our civil servants.

The other reference is to the federal government and the relationship between Ed Lumley, the new federal Minister of Regional and Industrial Expansion, and Bob White in setting up a special task force on the auto industry. Bob White openly and candidly says he is prepared to sit down and work co-operatively for the best interests of the country and his own members. Maybe we are not so very far off when we say this is the direction of the future. I hope that somewhere in his response the minister will indicate what the long-term or even the short-term plans of Ontario are to improve industrial management relations in this province.

The Vice-Chairman: Thank you.

Mr. Sweeney: How close was I?

The Vice-Chairman: I appreciate you holding our 20 minutes of comments to 25 minutes.

Mr. Sweeney: Well, that's not bad.

Hon. Mr. Walker: You did very well.

I want you to know, Mr. Chairman, that in spite of the lengthiest comments I have heard any minister ever make, mine were just about equal to those and only to be exceeded by about another 80 per cent by the member for Kitchener-Wilmot.

Mr. Sweeney: Not quite 80 per cent.

The Vice-Chairman: We made that calculation quite accurately.

Mr. Sweeney: Maybe 50, but not 80.

Interjection:

Mr. Sweeney: One hour and 15 minutes. I do not know what he is talking about.

Hon. Mr. Walker: You were an hour and 15 minutes before you stopped yesterday.

Interjection: That's right.

Hon. Mr. Walker: And 45 minutes today.

Interjection: And filibustered to prevent the NDP from presenting its position.

Mr. Wildman: Oh, I think our position is quite clear.

Mr. Sweeney: It would take more than that to prevent Mr. Wildman from presenting his position.

Mr. Wildman: Mr. Chairman, I would like to begin by offering belated congratulations to the minister on being appointed to this ministry. Considering his ideological bent, I realize it must be very difficult to follow a predecessor who was such an activist and interventionist in his approach to the affairs of the ministry. This minister has indicated, on many occasions, his commitment to laissez-faire free enterprise, and it will be interesting to see how he changes the approach of the ministry during his tenure.

I would like to congratulate the minister also on the relative brevity of his statement in comparison to other statements that have been made in the committee. I am reminded somewhat of the quote "much ado about nothing," although I would change it to "much ado about meetings" in looking at the minister's statement.

On page 1 of his statement, he starts listing the numbers of meetings he has had with various groups and with business and labour representatives, and goes on to list throughout his statement the large number of delegations he has met. I submit that while it is useful to open the lines of communication, simply to point to a large number of meetings as an achievement for the ministry in trying to deal with our economic problems is rather inadequate.

I think the minister would agree with me when I say that the economy of this province and the economy of the country are in a crisis situation. I realize the minister prefers to be positive and optimistic, and I certainly agree we have a tremendous wealth of resources in this province, both natural and human resources, that should be the basis of a strong economic turnaround. But I would like to deal first with some of the situations we are facing right now and use some figures that are published by the government itself.

I am going to refer to the economic accounts bulletin that my colleague the member for Kitchener-Wilmot also referred to. That document pointed out that Ontario's gross provincial

product registered only 0.4 per cent growth in the first quarter of this year. After adjustment for inflation, the GPP continued its downturn for the third consecutive quarter. The first quarter of this year saw a 2.2 per cent drop over the last quarter of 1981.

One of the serious problems we face is the drop we have seen in consumer spending. A lot of commentators have pointed to the fact that we have a problem in that there is a great deal of saving in Canada today. That money has to be freed up if we are going to assist, especially in the manufacturing sector. In the figures published in the economic bulletin we see that gross personal expenditure on consumer goods and services slowed by 0.8 per cent, down from 2.8 per cent in the last quarter of 1981.

8:50 p.m.

Hon. Mr. Walker: But merchandise sales were up over October.

Mr. Wildman: I accept that. I also realize I am dealing with figures that are past.

Hon. Mr. Walker: Actually I think we are on the way out of that recession area.

Mr. Wildman: I hope so.

Hon. Mr. Walker: I think the indicators are there. If you look at the interest rate, it is eight to 10 points below what it was a year ago today.

Mr. Sweeney: It went up today.

Hon. Mr. Walker: Yes, but not from a point of view that affects us; certainly on the discount rate. The inflation rate is down 20 per cent from what it was a year ago; so there is a pretty dramatic change. The stock market is making quite a rebound. Merchandise sales are up.

Mr. Wildman: Merchandise sales are up, but the weakness I pointed to was expenditure on durables and semidurables. Retail motor vehicle sales were down substantially again, and they continue on the downward trend.

Hon. Mr. Walker: Those were the big sales and they will take a while to come back up.

Mr. Wildman: Right. I accept what you are saying. But you also have to recognize that those sales, especially motor vehicle sales, as you have said yourself, are the backbone of the manufacturing sector in this province. When we have the substantial downturn we have seen in motor vehicles sales, we are going to have a major problem that does not just affect the auto industry but also is reflected in rubber, basic metals and so on.

Hon. Mr. Walker: Absolutely. There was a big surge in the United States in the past week.

Mr. Wildman: I hope what we have seen the United States is not simply a reflection of need by the administration to ease up on the monetary policy because of a congressional election. I hope it is a long-term thing and not something that has been—

Hon. Mr. Walker: It seems to be holding. Now, 10 or 15 days later, two weeks after that, is still holding.

Mr. Wildman: What I hope to see is it still holding in January and February.

Hon. Mr. Walker: So do I. I share your fear.

Mr. Wildman: But because of the debt load even when the situation tends to start to turn around, the question is, will we see a development of investment or will we see a consolidation and a cutting of debt load, as a lot of businesses have experienced? In those figures was referring to, we saw that total business investment went down by 5.9 per cent in the first quarter of 1982, and that was the third quarter decline in a row.

Business investment in plant and equipment declined by 6.8 per cent; it was also down substantially in nonresidential construction, by about seven per cent. We saw in that period a 11 per cent increase in unused capacity in the manufacturing sector. This not only has affected big industries but also has had a devastating effect on small industry.

I looked at a report that came out relating to just one section of the province; that is, northeastern Ontario, my area. These are federal government figures I am going to refer to here. The federal government published figures in September of this year that showed a 44 per cent increase in the total number of bankruptcies in northeastern Ontario for the first eight months of this year over the same period of 1981.

The federal Department of Consumer and Corporate Affairs confirmed that 900 businesses and individuals in northeastern Ontario had declared bankruptcy by the end of August 1982. That was about 200 more than in the whole of 1981 in the same area. More than 100 of those 900 bankruptcies occurred in August alone. In discussing the figures when they were published, the federal department officials stated that the worst was yet to come this year in terms of bankruptcies in that part of the province.

I realize those are not all business bankruptcies; some are personal bankruptcies. But it is an indication of the situation we are facing especially in parts of the province such as the northeast, where we have largely one-industry

communities; and when the major industries in those communities face the kinds of downturns and layoffs we have seen, the small business sector is seriously affected.

By the end of August this year, we had real employment in Ontario of about 689,000. I realize this figure is higher than the official figures put out by the Department of Employment and Immigration and the Unemployment Insurance Commission, but it includes the calculation of those people who have given up or whose benefits have run out or who are no longer eligible for unemployment insurance.

Hon. Mr. Walker: Where do you get those figures, by the way?

Mr. Wildman: The figure of 689,000 is from Statistics Canada.

Hon. Mr. Walker: They have that figure?

Mr. Wildman: Yes.

Hon. Mr. Walker: All right.

Mr. Wildman: In Ontario, between August 1981 and August 1982, we saw an increase in employment of 84 per cent, which is obviously a serious situation and one which I think I'd like the minister to say when he was first appointed that his major priority was jobs, jobs, jobs.

With that in mind, I would like to look for a moment at how this government has responded to the need to stimulate employment in the province and to get the economy moving again. I want to deal for a moment with the budget of last spring, which the Treasurer dubbed his job creation budget, and just look at three or four aspects of it.

First, the Treasurer made a number of economic projections, as a Treasurer always does when he is bringing in a budget. He also suggested a number of programs that were needed and, on behalf of the government, outlined a strategy for helping to turn the economy around or trying to get things moving again. I do not think he claimed he was going to turn the economy around. It is not fair to say that.

In our view his projections were way off, the programs he proposed were wrong and the strategy was misguided. To look first at his projections, the budget said we would see a 50-billion gross provincial product in constant 1971 dollars. The recent projections we have seen are about \$44.6 billion, which indicates the Treasurer was off by about 10.8 per cent.

Here is something that is of even more concern to me. He suggested in his budget that

we were going to create 125,000 more jobs by the end of this fiscal year. Yet between May and October we have seen a loss of 135,000 jobs. We lost more jobs in that period than he suggested we were going to be able to create by the end of the fiscal year.

Hon. Mr. Walker: Fortunately we have five months to go.

Mr. Wildman: I hope the minister's optimism is correct. I hope he will be able to turn a 135,000-job loss into a 125,000-job creation. That is quite a tall order for five months.

Hon. Mr. Walker: A considerable task.

Mr. Wildman: It certainly is, but it is an indication of how far off the Treasurer's projections were.

There are two or three other areas. In housing starts—which I realize are not under the jurisdiction of this ministry but obviously they affect the overall economy—he suggested there would be 50,000 new housing starts. The recent projections from Canada Mortgage and Housing Corp. are 37,000; so in that area he was off by 26 per cent.

In retail sales, which the minister referred to just a few moments ago, the Treasurer suggested \$37.2 billion and the recent projections from the Conference Board of Canada are \$35.4 billion, which means he was off by 4.8 per cent.

He projected unemployment at 7.6 per cent and in October it was 11.6 per cent, so he is off by 53 per cent. I just hope that the projections the minister made in his opening statement are not as far off the mark as his colleague the Treasurer's were last spring or we are in serious difficulty.

9 p.m.

These figures may not mean a lot just reading them out from this paper I have, but when we look at what it means in jobs lost in particular sectors of the economy we have seen 47,000 jobs lost in manufacturing, 6,000 in construction, 7,000 in transportation, 9,000 in trade, 17,000 in finance and real estate, and 35,000 in the service industries.

In the primary industries other than agriculture there are about 10,000, and that does not include all of the jobs that may be considered lost in places like Sudbury once those men who are now on unemployment insurance benefits run out of benefits and are not called back when and if Inco gets back in operation. In agriculture and food we have seen about 11,000 jobs lost.

That is a terrible record and one that I hope will encourage the provincial government as

well as the federal government to reassess the approach taken in that budget, because if the projections were that far wrong and we now face the kind of situation I have just outlined, we obviously need a new direction and a new budget, in my view. I hope the minister will encourage the Treasurer at least to take the steps the federal government took in reassessing its position and perhaps produce a new nonbudget, as Lalonde did, if not a new budget.

We have a total loss of 142,000 jobs and we have seen a gain in this period of about 6,000, for the net loss I mentioned of 135,000. All one has to do is look at communities such as Windsor and Sudbury to see the devastating effect these kinds of unemployment rates have on a community, not just on those who are out of work, not just on the community's welfare rolls but also on the small business sector in the community. It is very serious, but we do not have to look just at places that are facing major slow-downs, like the auto or nickel industries.

If we look at Sault Ste. Marie in my area, which has had a strong steel industry, as has Hamilton, an industry that is Canadian owned and has been progressive in developing new technologies and keeping up to date, and that has over the last 20 or so years generally been shielded somewhat from the downturns that other industries have experienced, we see that between August 1981 and August 1982 the number of people registered for unemployment insurance at the local office in Sault Ste. Marie jumped from 4,580 to 14,213 in one year, a 210 per cent increase.

We have something like 22 per cent unemployment in the city of Sault Ste. Marie, and when the Algoma district is included we have about 31 per cent. That includes almost half the work force of Algoma Steel on layoff. There are rumours of extended layoffs this winter; as well as an announced two-week shutdown over Christmas, something that was unheard of and has been unheard of in the steel industry, certainly at Algoma Steel, at least since 1954. The last time we had this kind of downturn in the steel industry in Sault Ste. Marie was 1954.

Of course, that 31 per cent figure in Algoma district includes a lot of very small communities, communities that are dependent on one industry. Most of them are dependent on lumber, some paper and some mining. For instance, if one looks at a community like White River in my riding, White River has the Abitibi sawmill. It is a community of about 1,000 people. Other than Abitibi, the only industry is tourism in the

summer. Most of the bush workers who work for that operation have been laid off since March. The mill has been operating to clear up inventory and it has now just been announced it is going to shut down at the end of the month because they are out of inventory. They are now in negotiations with their bush workers, but even if they do reach a new settlement and new agreement, in all likelihood the layoffs will continue at least until March, so we are talking about a layoff of a year.

The markets are just not there; I am not in any way blaming Abitibi. I do not like the way they treat their employees. After all, they had Mr. Pauli of the Toronto office come to their company Christmas party just before Christmas last year and tell the workers there was no problem, that everything looked fine and that they would just have a two-week layoff over Christmas. They came back January 4 and were told they would all be laid off in March. In my view, that is not any way to treat workers, but it is an indication of one of the problems we have in dealing with labour-management relations in this province.

The point is that the community is wholly dependent on that industry. The workers have been laid off since March. Some of them worked until the end of June. There have been some short-term make-work projects by the government and the federal government to get a few of the workers back on the job. That of course supplemented their unemployment insurance benefits. It does not do anything in terms of lengthening their eligibility period and they are still going to face running out of benefits.

One can imagine the effects on the small business sector in that community. There is just nowhere for them to go; they are completely dependent on that work force. One of the serious situations we face is that most of those workers were enticed to that community by the company and by the federal government and were given subsidies to help them buy homes. Most of them bought new homes; they have mortgage payments to make and their benefits are going to run out.

The make-work projects that have been proposed and brought in by the federal and provincial governments are not going to deal with this problem. I would really like to know what this government has to say to people facing a rollover in their mortgage payments in November, who have been out of work since March who cannot go to another mortgage company or bank to get a better deal because they are out of

work and no lending institution is going to look for somebody who does not have a job.

What does one say to those people? I do not know what to say to them when they contact me in my constituency office. There is not much one can say to them. They have nowhere to go. How can they sell their houses? No one is going to move there because there is no work. So they are stuck.

The minister interjected when I was commenting that he thought the indicators were showing things were going to turn around. He pointed in his statement to projections that indicate a 2.5 to 3.5 per cent growth rate in 1983. All I can say to the minister is I hope those figures are not as far off as the Treasurer's figures in May.

Hon. Mr. Walker: They are the most cautious views put forward by the Conference Board of Canada, the Royal Bank of Canada and the Economic Council of Canada. I guess that is the best we have.

Mr. Wildman: I would hope, but perhaps I am wrong, that the Treasurer had been cautious in May. Perhaps he wasn't.

10 p.m.

I would like to turn to what has been done about this by this government to try to meet this crisis. We have had, as I mentioned, the make-work projects. In his budget last May, the Treasurer pointed to page 5 and he said, "We are moving ahead with a comprehensive short-term employment creation program. . . the short-term initiative for employment will. . . provide useful jobs, not make-work projects."

I submit to you that in places like Sudbury and White River and most of the small and large single-industry towns in northern Ontario that is exactly what they have been, make-work projects. That is it. The accelerated forest access road program is useful; I would not debate that; it keeps some people working but it is nothing more than a make-work project because if those companies were operating in the bush they could be doing that work anyway as part of their ordinary operation.

The Treasurer claimed in his statement that these useful jobs he was talking about would number about 6,000. In terms of full-time job equivalents, to date we have got only 710 if you are talking about full-time work. In my view, some of those jobs that have been created have been the worst kind of make-work schemes. The forestry access road program is one example of something that is useful. It is worthwhile

and will benefit the industry when and if — when — it gets back on the rails.

Look at some of these here. Fourteen workers, 280 work weeks total, to develop and paint the shooting ranges at the Crean Hill Gun Club in Sudbury. Employment for eight workers, 128 work weeks, to improve the site of the Coniston Curling Club as it is seen from the Trans-Canada Highway.

Hon. Mr. Walker: Are you saying we should not do those?

Mr. Wildman: That is the standard approach of the ministers of this government; when you point out something they say, "Do you mean you are against that?"

Hon. Mr. Walker: Let us know what you are saying.

Mr. Wildman: I frankly do not care if you do these or not. I am sure those eight workers who are working are happy. They are working painting the Coniston Curling Club. I am sure the 14 workers who are painting the shooting ranges at the Crean Hill Gun Club are happy they are working and their unemployment insurance benefits are being supplemented. I am sure they are happy about that.

I doubt that you could persuade very many businessmen in Sudbury that this is really doing much for them in getting a few more jobs — well, not a few more jobs; what you are really doing is putting a few more dollars in the pockets of people who are collecting unemployment insurance and they are doing something for it. You are going to have a couple of buildings painted. That is nice, but it is not doing very much for the furniture industry, or the automobile industry, or steel in Sudbury.

Hon. Mr. Walker: What would you do, stockpile the furniture in the furniture companies in Hanover, since they do not seem to be able to sell their furniture on the market? What you are implying is that we should be spending our money to have workers produce more furniture at Hanover, or produce something else —

Mr. Wildman: I will not be sidetracked, Mr. Chairman. I am dealing with what this has done. I am going to be dealing in a few minutes with what has been proposed already by not only our members in the Sudbury basin for that particular situation, but also many people in the business and labour groups in Sudbury, and that has not as yet been responded to by this government. A number of positive suggestions have been proposed but this government has not responded one way or another and it is most

unfortunate. Maybe the minister will respond tonight.

In terms of the renter-buy program which was another proposal made by the Treasurer in his budget, he said there would be 15,000 new houses which would create 38,000 jobs and free up rental accommodation by moving tenants into houses. The Minister of Municipal Affairs and Housing (Mr. Bennett) revised that down to 12,000 units last week and also made the point that only 3,100 of the 8,000 applicants had been tenants. This again is a program that did not do what the Treasurer said it was going to do.

To get to something which is directly related to this ministry, the small business incentives, in that budget the Treasurer eliminated the—

Hon. Mr. Walker: That is where he has made hay.

Mr. Wildman: Let's look at it. He eliminated the corporate income tax for small business for two years at a cost of \$260 million.

Hon. Mr. Walker: And all kinds of people are participating.

Mr. Wildman: I am sure they are. I would not complain, either, if I was going to have my tax rate cut.

Hon. Mr. Walker: Now we are getting some support.

Mr. Wildman: The interesting thing about the Treasurer was that he would not specify any numbers. We tried to get him to specify numbers and so did the Liberals. Basically, he said, "Oh well, if I throw out numbers that will just put me a situation where you can criticize me later if we do not make the numbers." I suppose that is what I am doing now.

Hon. Mr. Walker: You cannot fault us for that.

Mr. Wildman: He did claim this would result in thousands of jobs. I think the record we have seen on job creation—job loss is what we should call it—is an indication of what has happened.

Hon. Mr. Walker: The job loss would probably have been much greater.

Mr. Wildman: That is an interesting argument when one considers what the Canadian Federation of Independent Business has had to say about this. In its survey of last April, it indicated that 38 per cent of its members had undergone layoffs and had more layoffs planned and that only 10 per cent planned to expand in the next six months. This is after the announced corporate income tax elimination: only 10 per cent of the businesses intended to expand.

Hon. Mr. Walker: The thing you have to keep in mind in all of this is, sure, we are all having difficulties here in this province. Certainly the unemployment rate is far greater than we would want it to be; embarrassingly greater.

On the other hand, when you compare our situation to that of all the industrial provinces and states that surround us, they wish they had our problems. Because, by contrast, when you take a look at the Canadian unemployment rate compared with Ontario—if we look at the August figures, the 10.8 per cent figure which just happen to have here; I know the more up-to-date ones are roughly comparable, but 10.8 per cent for Ontario—the Canadian average is 12.2 per cent. British Columbia is 13.9 per cent; Quebec, another industrial state, 16 per cent. Look at the states around here: Illinois 11.8 per cent; Michigan, 15.2 per cent; Ohio 12.7 per cent; Pennsylvania, 10.7 per cent.

Basically, in all of the industrial states and provinces that surround us the unemployment rates are, well, not infinitely worse but dramatically worse than ours. That is nothing for us to crow about but, by comparison with some of the other situations, it is rather interesting.

Mr. Wildman: That is equivalent to saying it is better to drown in a swamp than an ocean.

Hon. Mr. Walker: One of the questions that is posed in a case like that is not how badly we are doing but what it is that has caused us to do as well as we have, given the plight virtually everybody else finds themselves in.

Mr. Wildman: It is interesting that you deal in such hypothetical arguments. How do you know how badly you would have done? I cannot argue with that. You cannot prove it one way or another.

Hon. Mr. Walker: I can prove it with the numbers.

Mr. Wildman: Let's look at something. Since April, the major concern of small business has been to cut expenses and cut inventory to pay off bank loans. They are avoiding rehiring and are laying off and selling off real estate and machinery to make themselves more liquid. That is the situation.

Mr. Wheatfield, research director of the Canadian Federation of Independent Business, has indicated that most businesses in this province are "going down a manhole and pulling the cover over them." I think this is a commentary on the provincial budget. I think Mr. Miller's budget was a fraud and was as flawed in

economic projections as Mr. MacEachen's previous budget.

Hon. Mr. Walker: Would you not have given at tax relief? Are you saying to those small businesses that you would have eradicated that?

Mr. Wildman: Our policy, as you probably know, is that we would lower the tax rate for small business.

Hon. Mr. Walker: We certainly lowered it 20 p.m.

Mr. Sweeney: You helped only one third of them.

Hon. Mr. Walker: They are not paying the tax.

Mr. Wildman: The point is that you have done something that has not worked—

Hon. Mr. Walker: He is going to lower it for the ones who are paying.

Mr. Wildman: It would be better to spread it over all of them.

Hon. Mr. Walker: We lowered it to zero.

Mr. Wildman: You lowered it to zero. This is a darned good program. It helps those people who would be paying taxes, but when a large percentage of them are going out of business it does not help them one bit.

Hon. Mr. Walker: Yes, but we had to choose the ones that would provide for reinvestment that would create the jobs that were necessary. We could not possibly help everybody.

Mr. Wildman: I enjoy this dialogue, but I find it interesting that when my colleague was presenting his position the minister for the most part did not respond, but now we have a dialogue going on. I do not object to it, but I hope you take this into account when you look at the time at the end.

Mr. Sweeney: I wasn't as provocative as you.

Mr. Wildman: I suppose I am saying things that hurt him more.

It is interesting that in his budget last spring the Treasurer said, "Since the federal government has failed to respond with a decisive and comprehensive set of programs, the government of Ontario has decided to implement new job creation initiatives on its own." After two years of blaming the federal government for not solving Ontario's economic problems—and I think he is quite right in that—he is now complaining about the amount of money that Quebec is going to get compared to Ontario in Lalonde's new program.

On the one hand you are still asking the

federal government to do it, but on the other hand you are pointing to things you have done and saying that things would be worse if you had not done those things, so we shouldn't complain because we are doing better than we would have done. You are also making projections that things are going to be better soon and that we should look at the bright side. I think it is interesting that we get conflicting messages from the public sector in this province.

I am looking at a release put out by Ontario Hydro on November 15, just a few days ago, in which it talks about economic growth. They have to project what is happening in the economy to have an idea of what the demand for electricity will be. They state: "Economic growth in 1982 will likely be negative, reflecting the current economic climate. The exact timing and extent of economic recovery is difficult to forecast, but the Ontario economy should recover to normal levels in relation to its potential by 1987."

Hon. Mr. Walker: That is their electricity consumption.

Mr. Wildman: That is their economic growth pattern. They are projecting what they think is going to happen in the economy so that they can determine from that how much electricity is going to be demanded by commercial, industrial and residential customers.

Hon. Mr. Walker: Every other time you have quoted Hydro you have said they have been off in their projections. Why now are you suddenly—

Mr. Wildman: That is even more scary. Generally, Hydro has overestimated its need and demand.

Hon. Mr. Walker: I suspect they have overestimated the length of time for recovery.

Mr. Wildman: I hope you are right, but if the record remains what it has been in the past, it will be the first time. Ontario Hydro obviously does not have the same kind of optimism that the minister has.

Hon. Mr. Walker: I am glad I now have the parliamentary assistant to the Minister of Energy back with me.

Mr. Wildman: Hydro is saying, "The latest long-range load forecast prediction is a 2.1 per cent annual average increase in electricity demand to the end of the century. The forecast is done every year to reflect new assumptions and factors which could change the electricity supply picture." They are saying they are going to have a 2.1 per cent annual average increase in

electricity demand because they see a very slow recovery in the economy, and not a recovery to its potential related to what they consider to be normal levels, until 1987.

Hon. Mr. Walker: All those analysts back there from our ministry are saying we are going to recover a lot faster than that.

Mr. Wildman: Perhaps you should get your act together. You should talk to Ontario Hydro and tell it it is wrong and it should be doing more than it is doing. Unfortunately, if you do that, they will probably jump on the bandwagon and start expanding their potential for generation to such a degree that we will be bankrupted in the process.

I also want to relate to something my Liberal colleague commented on in his remarks. He talked about the need for the improvement of labour-management relations and productivity in this province. Certainly we have to move to increase productivity to be more competitive. As the minister would agree, productivity is more than just worker productivity; it is also management productivity. The technological component and research and development are part of that.

The Liberal critic went on to talk to a great extent about trust and the necessity for getting the adversarial situation resolved in labour-management relations in this province.

I would say as an aside that in our view you do not begin to develop that kind of trust by bringing in legislation that denies basic free collective bargaining to one sector of the economy. In doing that, I think both Liberals and Tories have set back for many years the possibility of building the kind of trust that I would agree it is necessary to develop. That kind of an approach, to limit the collective bargaining rights of the public sector, is in my view the only response to our declining economy that we have seen from either the federal or provincial governments.

Again, as an aside, in this vein I think my Liberal colleague made the comment on Wednesday that the third party sometimes forgets who the enemy is. I do not really consider either of you to be enemies but I certainly do see you as ideological opponents. I also see you both, interestingly enough, as small "c" conservative soul mates.

Mr. Sweeney referred to Pope John Paul's view of labour-management and the need for improving the relationships between labour and management, and referred to his encyclical entitled, *On Human Work* in his recent com-

ments in Spain. I would also like to refer to some comments made by clergy on that encyclical and point out that His Eminence Cardinal Carter and other bishops have stated recently that there is a tremendous need to protect free collective bargaining in our own country, as well as in countries like Poland, if we are to build the kind of trust he was referring to.

I do not think Mr. Sweeney was really talking about industrial democracy. If he was, I certainly congratulate him on that. That is where we have to be going but you are not going to do it by telling workers you do not believe their contracts are sacrosanct, that they can be torn up at any time.

In that vein, I would like to refer to a letter which was written to the London Free Press by the Most Rev. John M. Sherlock, the Bishop of London, Ontario. The bishop referred to the encyclical, *On Human Work* and, referring to the Pope, he said:

"He spoke of labour unions as an indispensable element of social life. This past June 15, in an address to the International Labour Organization in Geneva, the pope issued a sharp warning against state control of unions."

9:30 p.m.

Then, further on: "In the light of these statements, I must express serious misgivings about the province of Ontario's proposed wage restraint and administered prices program, Bill 179. Admittedly, our legislators face a difficult task in trying to come to terms with our economic troubles. There are no obvious or easy answers." I think we would all agree with that. "However, no solution, no matter how justified its goals, is acceptable if it violates the norms of justice. Bill 179 appears to risk doing precisely that."

Further on again, "While a basic right may be restricted if a serious crisis involving the human good requires it, it has not at all been demonstrated that removal of the basic right to free collective bargaining from public employees in Ontario is required in order to deal with our economic difficulties." Finally, "In his talk at Geneva last June, the pope observed that 'cohesion of the social forces is always desirable and it ought to be the fruit of free decisions of those concerned, taken with full independence in regard to political power.'"

Bishop Sherlock goes on to say: "We have no difficulty in agreeing with the application of this principle in Poland where Solidarity has been suppressed by a totalitarian regime. The principle also applies in Ontario and the provisions of

ill 179 and their subsequent application must not violate it." Knowing that the minister comes from London, I am sure he has met the Most Rev. Sherlock. I hope he would consider those Jews and pass them along to his cabinet colleagues. In my view, if we are to build the kind of just that is necessary for us all to work together to resolve our economic problems, we cannot do it by denying the free collective bargaining rights of one segment of the community.

I believe we must have an economic strategy that responds to the needs of our industries and leads to planning in the long term. The kinds of comments we have heard from the Premier (Mr. Davis), the Treasurer (Mr. F. S. Miller) and this minister recently are unfortunate in that they have tended to debunk the whole concept of an industrial strategy. The Premier has made a couple of statements recently to the effect that he did not believe in long-term, grandiose plans. I am paraphrasing, but that was basically what he was saying. He was more interested in dealing with the problems as they come up in a practical way.

We can look at what has been done. Just recently, we have seen the Treasurer and the Minister of Employment and Immigration reaching an agreement for the so-called new employment expansion and development program for Ontario. Although the Treasurer has not confirmed it yet, he has indicated that Ontario will be putting up about \$100 million to Ottawa's \$130 million. It is interesting what these things will mean for Ontario. The \$100 million the Treasurer is putting up amounts to less than two days' worth of provincial revenues, to deal with the serious economic and unemployment problems we have. We have revenues in this province of about \$20,219,000,000 a year and he is putting up \$100 million. That works out to less than one half of one per cent of the provincial budget expenditure based on the September estimate of \$22,777,000,000.

Last May in that budget, the Treasurer earmarked \$171 million for job creation, supposedly to create 31,000 temporary jobs, and at that time the unemployment rate was 8.3 per cent. Another 35,000 jobs have been lost since the budget, unemployment is running at about 11.7 per cent and the Treasurer puts up less money than he put up last spring, not much more than half.

The combined federal-provincial program, based on previous job creation schemes, will merely create the equivalent of between 8,000 and 10,000 full-time jobs. That is based on the existing programs, the accelerated forest

improvement program and the mining sector work program that the Minister of Natural Resources (Mr. Pope) is involved with.

If the projections are correct and all those jobs were in place today, the unemployment rate would drop by only two percentage points. Between September and October, the number of unemployed people increased by 28,000 in this province and the number of unemployment insurance exhaustees in Ontario is estimated at a minimum of 12,000 people a month currently. It is estimated that will increase to 21,000 by the end of next June.

A hundred million dollars coupled with \$130 million—\$30 million of which is for federal projects such as the airports—is not going to do very much to deal with those kinds of unemployment figures. Those are the kinds of short-term programs the Premier points to, that I suppose he would rather have than what he has termed grandiose plans. Earlier the minister asked me what we would do, and I said I would refer to some proposals that have been made by this party, specifically related to Sudbury. I use Sudbury as an example because it is one of the worst hit communities in this province.

I think the minister is aware that, in our view, the long-term approach of this government and of this ministry should be aimed at import replacement. We have made that clear in the past. I will be dealing with some of the reasons we see that as a major challenge and a major opportunity.

The other thing we view as very necessary, especially in the one-industry communities, is diversification and development of secondary manufacturing to lessen the dependence on the resource primary industries we have seen in places like Sudbury.

In the minister's opening statement, on page 5 he made somewhat pious statements about this need to deal with our trade deficit and import replacement. But, in our view, words are not enough. Honestly, I would like to know where the government has been on this major problem in the last 10 to 20 years. I am saddened by what I consider, despite the minister's statement, to be the basic view of this government with regard to economic diversification in one in three towns in northern Ontario, which was stated clearly in 1977 by the Treasurer's predecessor Darcy McKeough on a visit to Sudbury.

Mr. Stokes: To the chamber of commerce.

Mr. Wildman: Yes, in a statement to the chamber of commerce. Mr. McKeough at that time indicated that we in northern Ontario

should not really expect major secondary manufacturing or even much secondary manufacturing of any sort for at least 20 years, perhaps in his lifetime; that we were going to remain dependent on the primary resource industries—

9:40 p.m.

Mr. Stokes: Hewers of wood and drawers of water.

Mr. Wildman: That is right. In a way I admire Mr. McKeough for being pretty straightforward. He said what he thought and he made it clear that was his view of the economic potential of northern Ontario communities.

Hon. Mr. Walker: Fortunately, the tech centre will be a start in the right direction on that.

Mr. Stokes: A feeble start, yes.

Mr. Wildman: A small start.

Hon. Mr. Walker: I would like to think it is an important start, a recognition.

Mr. Wildman: I will be dealing with the tech centres in a moment. Unfortunately, I do not have as great confidence in those tech centres as the minister has, but I agree with him they are a step in the right direction.

Hon. Mr. Walker: But too little, too late?

Mr. Wildman: No, it is not too little, too late. It is just that I do not think it is even directed in the right direction. I will explain why later.

In our view, when we have such a serious problem with the high unemployment rate, it is time for both the federal and provincial governments to assess what new approaches they should be taking to the economy. In our view, it seems that unfortunately both governments have chosen the rather improbable solution of attempting to strangle the economy to death.

Hon. Mr. Walker: Oh?

Mr. Wildman: Yes, the federal government through its interest rate policy following the American administration and subsequently its six and five program, and the provincial government's restraint program coupled with its nine and five.

Hon. Mr. Walker: There are eight million people with a different view.

Mr. Wildman: We do not think we should pretend in this province that wage controls in the public sector will revive the economy. We think it is clearly inappropriate to assume that cutting back on provincial transfers to community education, health care and social services will resolve our economic problems.

Hon. Mr. Walker: You heard what Mr. Pilke said this morning on that. The majority of the trade unionists support the position.

Mr. Wildman: I was going to use an example won't use.

Mr. Sweeney: Restrain yourself.

Hon. Mr. Walker: Personal restraint.

Mr. Wildman: I will just say there have been situations where the majority of people have chosen to be wrong in the past.

Mr. Sweeney: That sounds like typical NDP philosophy.

Mr. Stokes: Pope John Paul II, whom you quoted, is an excellent example.

Mr. Sweeney: That's not wrong.

Mr. Stokes: That's right.

Mr. Sweeney: Do you suggest he was wrong? Interjections.

The Vice-Chairman: Carry on, Mr. Wildman.

Mr. Wildman: I realize this government operates purely by poll. When there is an opinion poll, and the majority says it is in favour of something, then that is the thing you do, whether it will resolve the economic problems or not. That is an approach we do not follow. If this program, despite my philosophical disagreement, and I will say this as an aside, if this program—

Hon. Mr. Walker: Which one?

Mr. Wildman: The restraint and nine and five, or six and five at the federal level; if that program would work, despite my philosophical disagreement with it, I might consider it but it is not going to work.

Hon. Mr. Walker: The inflation rate has been coming down ever since we implemented it.

Mr. Wildman: You know inflation hasn't been coming down because of six and five. Let's not pretend it has. In our view, it will not work. I think the majority, a figure of something like 57 per cent of the populace polled, has said it supports this program. So 57 per cent support it.

Hon. Mr. Walker: It was 69 per cent of trade unionists.

Mr. Wildman: Sixty-nine per cent of trade unionists. Does that mean it will work? I don't think an opinion poll tells us one way or the other whether it will work or not.

Hon. Mr. Walker: If the people are behind it, it will work. That is what we have always said.

Mr. Wildman: I am sure the program will work in one respect: When it is passed, it will

deed restrain wages in the public sector. It will do that and it is designed to do that, but it will not work in turning our economic situation around. It will not bring down inflation substantially, and it will not produce any jobs. That is the major concern I have as a legislator of this province.

Hon. Mr. Walker: I think most of the trade unionists are saying they believe wages are probably the only component today to address.

Mr. Wildman: Do you believe that?

Hon. Mr. Walker: No, not totally.

Mr. Wildman: No, I am sure you do not. Just because they say it, though, you are saying, Well, okay then—

Hon. Mr. Walker: No. I am just mentioning that they are saying.

Mr. Charlton: The tide is turning on that.

Mr. Wildman: It is interesting enough that—

Mr. Charlton: The poll in Hamilton this morning is four per cent the other way.

Hon. Mr. Walker: Was that on a phone-in radio show?

Mr. Charlton: Yes.

Hon. Mr. Walker: I am not sure those are the best to listen to.

Mr. Wildman: I am not sure the best way to run a government is by opinion poll.

Mr. Charlton: The government is supposed to lead, not follow.

Mr. Wildman: That is right.

Hon. Mr. Walker: In this case, the polls have come out afterwards, after we implemented it.

Mr. Wildman: Are you kidding? You were polling all summer to find out what the position could be.

Hon. Mr. Walker: We were?

Mr. Stokes: This is first time we have ever got an admission out of you that you govern by polls.

Hon. Mr. Walker: That is not an admission. You do not have any admission out of me. If you interpret that as an admission, you are certainly drawing interesting conclusions.

Mr. Wildman: I would like to turn to some alternatives to this program we proposed in Sudbury. Restraining wages in the public sector not going to turn the situation around at Inco. do not think even the minister would try to argue that, despite what he thinks the majority union people even in Sudbury might say.

Hon. Mr. Walker: What do you think will turn it around? What do you think will make the world buy more nickel? Stockpiling?

Mr. Wildman: I think we need a concerted effort by this government to try to respond to its own studies—studies that have been done by this government itself over the past 10 years about the economy of Sudbury; studies this government has left on the shelf and has not done a thing with.

Why is this government not looking at a nickel complex? Why has the government not done anything about the proposals made by its own ministries for those kinds of things?

Hon. Mr. Walker: Do you think the Russians are going to be deterred?

Mr. Wildman: Oh, come on. Are you following the Judy Erola line that the Russian dumping which is taking place is the major cause of the problems we have in Sudbury? That is bunk.

Mr. Kolyn: The price is \$1.65.

Hon. Mr. Walker: It has softened the price of nickel. What is it, \$1.65? The cost to do it in Canada is about \$3.20. That is a fact. You can check it.

Mr. Stokes: Isn't the free market system wonderful?

Hon. Mr. Walker: The fact is that the Russians are dumping at way below world prices because they need the currency. You can check it out.

The Vice-Chairman: Ladies and gentlemen, I wonder if we could allow Mr. Wildman to complete his comments?

Mr. Wildman: I am willing to go on forever.

The Vice-Chairman: I think the minister would appreciate some time to respond.

Mr. Wildman: He is doing it now.

Mr. Stokes: If the minister would not keep interjecting—

Mr. Wildman: Mr. Chairman, you say the minister would like to respond afterwards; he is doing it now.

The Vice-Chairman: The minister and others.

Mr. Stokes: I sat here for more than an hour listening to the minister and never interrupted—well, once.

Hon. Mr. Walker: I have received authority to interject during Mr. Wildman's submission.

Mr. Stokes: From whom?

Hon. Mr. Walker: Mr. Wildman.

Interjections.

Mr. Stokes: In that case, be my guest.

Hon. Mr. Walker: Spoken from the horse's mouth.

Interjection: I have news for you: Mr. Wildman is not the chairman.

Mr. Wildman: You will recall when I said that, I said the minister is welcome to interject and to continue this dialogue as long as no one complains about how long I take.

Hon. Mr. Walker: The only one complaining is Mr. Stokes.

The Vice-Chairman: I am looking at the clock, Mr. Wildman. Are you contemplating your remarks being finished by 10:30 p.m.?

Mr. Wildman: I am not sure you are correct. The minister has taken up a lot of my time.

The Vice-Chairman: We will try to meet that goal. Carry on.

Mr. Wildman: I started to talk about some of the initiatives we have proposed. It is interesting that the proposals we have made for the Sudbury basin are not ones we have pulled out of the air. They are ones that have been made by this government's own ministries.

Hon. Mr. Walker: Stockpiling?

Mr. Wildman: Did your government suggest stockpiling?

Hon. Mr. Walker: I don't recall that.

Mr. Wildman: No, you didn't.

Hon. Mr. Walker: But Elie Martel suggests stockpiling.

Mr. Stokes: Just one of many alternatives.

Mr. Wildman: Just one of many alternatives, and I would like to get to the other alternatives.

The Vice-Chairman: Don't be deterred by the minister's interjections.

9:50 p.m.

Mr. Wildman: Obviously the minister is tied to the private sector and to developing a good climate. Then whenever you say, "All right, what are you doing about that?" he says, "Well, there isn't a good climate, and it is those election clouds on the horizon that are causing the problems."

I think there is another choice: deliberate goal-setting and coherent planning by the government. The proposals I am talking about are not short-term ones. Stockpiling, as the minister will admit, if it is one alternative, is a short-term one and can only be a short-term proposal.

The proposals I am talking about are to deal with the long-term need to diversify the economy of a resource industry town, and they have been proposed by this government. We do not

believe the private sector is capable of that kind of economic development. It is certainly capable of economic growth in good times, but in the past we just have not seen coherent, stable economic development for a community by the private sector on its own.

If we are going to provide any kind of security for communities and people like the people in Sudbury, we believe we have to get maximum economic benefit from the mineral resources, not just in jobs and income but also in tax revenues, and we must then create new opportunities for employment in those communities with this income and those revenues.

As I said earlier, over the years government ministers and bureaucrats—not just opposition members—as well as the business community and the trade union movement, have made a number of suggestions, but none of them have been implemented.

There have been a number of studies and position papers that this minister should be aware of by both the federal and provincial governments, and none of them has been implemented. One of them, proposed by the Ministry of Natural Resources in 1977, was for a nickel institute. This institute would carry out an independent geological survey of the mineral resources and develop independent strategies for increasing domestic production of nickel-based products, since we see a tremendous outflow of nickel during a good market situation and the reimportation into this country of most of the goods in which nickel is used.

We believe it is important—I know the minister will disagree, and I know the Minister of Natural Resources (Mr. Pope) disagrees vehemently with this—to end the exemption under section 104 for Falconbridge and Inco. We believe it is necessary to establish new refining capacity for nickel and for platinum-group metals.

I notice the minister referred to this goal in his statement as one of the long-term proposals for the economic development of the province. My colleague the member for Nickel Belt (Mr. Laughren) reacted somewhat violently to that statement by the minister, and I think with good reason, because we have heard those kinds of statements—

Mr. Stokes: Not violently—predictably.

Hon. Mr. Walker: Oh, he was just looking for a spot to interject. He was only here for two paragraphs.

Mr. Wildman: Well, he left in disgust.

We have heard these kinds of statements from the Minister of Northern Affairs (Mr. Bernier) and the Minister of Natural Resources, from René Brunelle and Darcy McKeough. We have also heard them from the late James Auld as well as from the present Treasurer when he was Minister of Natural Resources, and now we are hearing it from this minister.

Hon. Mr. Walker: We are consistent.

Mr. Wildman: You are consistent in saying the same things. Our question is, when are you going to start acting on them?

Mr. Stokes: Do you agree with the statements attributed to Darcy McKeough earlier by my colleague? Do you really believe that the future of northern Ontario with regard to the resource sector of our economy is to remain the hewers of wood and the drawers of water?

I know you visited Fort Severn, the most northerly community in Ontario, earlier this summer in the company of very charming people. You really do not believe that as an individual, let alone as a minister of the crown, you would agree with the Right Honourable John George Diefenbaker and Stephen Romanov, whether it be Ontario or Canada, the future of Canada is in the north, our resource sector.

Hon. Mr. Walker: Yes. Let me say that what Darcy McKeough was saying I think he honestly believed at the time.

Mr. Stokes: I think he did too.

Hon. Mr. Walker: He was stating the view that it is not going to happen for 20 years. I think that would alarm us all if that were to be the case, and he had a lot of good evidence that backed him up. I think you will agree with me that the resource centre to be established in Sudbury if it opened in another three weeks is a step in the right direction as it relates to that.

Mr. Stokes: No question.

Hon. Mr. Walker: I visited Jarvis Clark today. I talked to 85 potential exporters in the north today. I talked to them about how to export—

Mr. Stokes: But you will admit that it is a very feeble and halting step into what the real potential of Ontario is, with regard to our resource sector in the north.

Hon. Mr. Walker: I think we agree with each other here. But what we are saying is that we are trying to telescope the time—Darcy McKeough made some observations on the 20-year span—

down to a much more reasonable figure. In other words, what we are trying to do—

Mr. Stokes: That was almost 10 years ago.

Hon. Mr. Walker: We are trying to get that down and take active steps in a very progressive way that would take advantage of the great value of the north; so I think we are all on the same point here.

Mr. Stokes: No problem.

Hon. Mr. Walker: I share your views entirely, although we may differ on how we achieve it.

Mr. Wildman: Yes, you certainly do differ, because in our view the technology centre you are going to be opening in the next couple of weeks in Sudbury is not nearly enough and is not directed in the right direction. We believe you must have a public intervention, a crown corporation or joint venture manufacturing, in a positive way—

Hon. Mr. Walker: That is exactly what it is.

Mr. Wildman: —not just trying to bring the primary producers together with the manufacturers like a kind of conduit.

Hon. Mr. Walker: It is going to achieve exactly what you said a moment ago.

Mr. Wildman: But in our view the private sector has been—

Hon. Mr. Walker: You have been reading our specs for it. That is exactly what we intend to pursue.

Mr. Wildman: With 19 employees?

Mr. Stokes: Come on. You are putting the cart before the horse. We have been talking about that. I just came from a reception for the class of '67. I cannot speak for people who came before that, but I know that all of us, regardless of whether we are Tories, Liberals or New Democrats, when we talk about the north—and that is what my colleague is talking about—we may differ as to the way in which we should get to the desirable objective, but we do not disagree as to what the inevitable objective must be if Ontario and Canada are going to prosper.

Hon. Mr. Walker: Absolutely. In point of fact, what Bud read out just a minute ago is precisely the mandate we are affording to the technology centre.

Mr. Stokes: I am glad you are listening.

Hon. Mr. Walker: I am glad we are too.

Mr. Wildman: I hope that is what it is going to be. I am afraid it is going to be a far more passive approach than we would like it to be.

Hon. Mr. Walker: When we get into question and answer period, Peter Barnes is here and we will have him offer—

Mr. Sweeney: Just figure five more years and it will be completed.

Hon. Mr. Walker: You watch; that centre will be productive in a matter of months.

Mr. Wildman: I hope so, because we have had promises one after another by ministers I listed earlier about the diversification of the economies of communities such as Sudbury in northern Ontario, that would reduce our dependence on primary resource extraction, increase employment potential in resources through upgrading—as the minister said in his statement— increase the industrial spinoffs to resource extraction and diversify our economic base over and over and over again; and that has not happened.

10 p.m.

The minister can say he was not the Minister of Industry and Trade then. That's fine; he was not. But this government has been in power for many years, and we have had those kinds of promises over and over again.

I have yet to receive an explanation from any minister as to why they have not moved on the proposal for a nickel institute that was proposed five years ago by their own ministry. Right now, we are exporting 95 per cent of our nickel production—only five per cent of Canadian nickel is consumed in Canada—and some portion of that shipment of nickel is reimported into Canada in finished products.

In 1981, Canada imported \$21 million worth of stainless steel cutlery and cooking utensils and \$40 million worth of stainless steel surgical instruments. I know the minister referred to the efforts for import replacement of medical products. We imported \$241 million worth of valves, \$41 million in heat exchangers, \$22 million in dairy and milk products plant machinery, \$92 million in X-ray equipment and \$83 million in gas turbines and parts.

Only 65 per cent of the nickel and none of the platinum group metals were refined in Canada; and the minister is now telling us that the government is moving to more refining and more upgrading in this province. In our view, we have had enough of lip-service commitments to resource upgrading.

Hon. Mr. Walker: I am glad to hear you say it. That is why we have dedicated the moneys we have to the tech centre for the next five-year program that was just approved two weeks ago.

Mr. Wildman: We believe it would be a much stronger commitment if the government would end the exemptions for domestic processing under section 104, formerly section 113.

Hon. Mr. Walker: You heard the letter from the British high commissioner. They would simply buy it elsewhere in the world. We would lose that.

Mr. Wildman: In August 1982, we had 26 exemptions under section 104. It is not just Inco and Falconbridge; it is very widespread.

Hon. Mr. Walker: You should look upon the exemptions as 26 sales.

Mr. Wildman: Yes. We are selling off nickel and we are also selling off jobs when we do that. There are more jobs, as the minister knows, in refining and manufacturing than there are in the primary sector.

Hon. Mr. Walker: How many jobs do you suppose are represented by those 26 exemptions? We could have left that nickel in the ground.

Mr. Wildman: Are you kidding? At one time during the 70 years we have been producing nickel, when those exemptions first started, we were in a situation where the world had to buy nickel from us. We are not in that situation now. I will admit. But this government did not do anything to develop the industry when they needed our nickel. You wasted the time, you wasted those years, and now we are in a situation where we do not have that industry when we need it.

Hon. Mr. Walker: What you are saying is, stop the exemptions right now and put people out of work. That is not good.

Mr. Wildman: People are already out of work.

Hon. Mr. Walker: But any further exemption that might be allocated—

Mr. Wildman: The exemptions are not producing any jobs right now in Sudbury.

Hon. Mr. Walker: Presumably at some point there will be a recovery, but you would not allow the exemption; you would delay the recovery.

Mr. Stokes: Have you ever heard of nodules under the sea?

Hon. Mr. Walker: Oh yes; the seabeds.

Mr. Stokes: At one time the Sudbury basin was the one assured source of nickel for all the people who required that product in the entire world. These people in Ontario with their

laissez-faire attitude thought, as they have with our natural resources, whether it be water, forest industries or mining, that it was a bottomless pit that was there for exploitation.

Whenever we get through this present economic recession or depression, depending on how seriously you want to look at it—

Hon. Mr. Walker: Recession.

Mr. Stokes: Recession; all right. When this present malaise that we are in levels out, do not be assured that those people who are responsible for looking for basic resources such as nickel will go back and look at Sudbury. They may be looking at another source.

Mr. Minister: that is your responsibility. The people who are responsible in the executive council in Ontario and the federal government are responsible for protecting the interests of everybody in Ontario. You may end up with egg on your face from that facetious comment you just made.

It may well be that in the not too distant future, in the next upturn in the cycle for a need for resources in the mineral sector, they may not even look to Sudbury, because we have not established that we are capable of providing not only the resources, but the end product at a world competitive price. They may look elsewhere, and you have to accept some responsibility for whatever mentality happens to obtain when the next economic cycle comes in the whole world economy.

Mr. Wildman: The unfortunate thing is we do not have, and we have not developed, a refining industry—

Mr. Stokes: At a competitive price, as you mentioned on numerous occasions during your opening statement.

Mr. Wildman: —that could be used to refine, Inco itself, the nickel that may come from other sources. Neither have we developed the mining machinery industry. We have mentioned year after year—my colleague the member for Sudbury East (Mr. Martel), my colleague the member for Nickel Belt (Mr. Laughren)—the fact we are the third largest mineral producer but the largest importer of mining machinery.

In 1981, we imported \$727 million, which was a 29 per cent increase in six years, and we had a trade deficit in 1980 of \$590 million, equivalent to 7,000 jobs. I hope your institute, the technology centre, is transformed into a resources machinery development centre which will have the capacity for joint venture manufacturing in the mining and other resource industries.

Hon. Mr. Walker: There is no question that precisely what you are saying is the kind of mandate that we are affording to the technology centre. It is for precisely that purpose, precisely that of trying to change the status which is now one where 80 per cent of the mining machinery is imported. That is an intolerable situation. You heard me speak six months ago on that very question to the Ontario Mining Association. It is an intolerable situation and we are not prepared to accept it. We are prepared to get in and do something about that.

Mr. Wildman: I hope so.

Hon. Mr. Walker: I mentioned today about visiting Jarvis Clark at North Bay. I was impressed by what they could produce in the way of mining machinery. They are making some real achievements.

Mr. Wildman: Mr. Chairman, I would like to turn to one other aspect that I think is related to the whole question of a need for import replacement and the diversification in the economy of one-industry towns of Ontario.

Hon. Mr. Walker: Let me just finish one point while we are still on the resource centre. We have now funded that. This information is not yet public, but the resource centre has been funded for \$19.6 million over the next five years. Of that, \$16.4 million is venture capital. In other words, in a sense it will be a mini-Innovation Development for Employment Advancement Corp. from an investment and venture point of view in bringing on stream just the kinds of things you are talking about tonight.

Mr. Stokes: I have no disagreement with your opening statement. I think it was an excellent opening statement, one of the best I have ever witnessed in all of the committees and all of the estimates I have ever attended. I just want to know and be assured that your words are going to be followed up by your actions.

Hon. Mr. Walker: Come with me on December 15, and you will see them followed up with action.

Mr. Wildman: The ides of December.

Hon. Mr. Walker: There is no such thing as the ides of December.

Mr. Wildman: I would like to turn to one other aspect of this and that is the question of foreign investment and the statements that have been made in the past about private investment in this province and, related to that, the minister's statements about the Foreign Investment

Review Agency. I will not repeat all that was said by my Liberal colleague.

10:10 p.m.

The minister has stated that he is concerned about the impression that foreign investors, especially Americans, have about Canada's receptiveness to investment. Even from his own point of view, I think the kinds of statements that have been made by the minister and some of the other provincial leaders in themselves have contributed to that impression, if it exists. If one looks at the facts, we have only a six per cent rejection rate by FIRA—

Hon. Mr. Walker: How would you like to hear a new figure never before heard? Ten per cent of the applications are withdrawn because FIRA takes nine months to make the decisions.

Mr. Wildman: All right. I was not aware of that, but if that is the case, you have heard the statements that FIRA has speeded up its bureaucratic approach.

Hon. Mr. Walker: They have changed dramatically, and I will mention this when I get into my response. Their first report card which came out two weeks ago, that John Sweeney quoted, showed them improving dramatically in turn-around time. That was our biggest objection. Would you buy a house that closed nine months down the way when the interest rate is 10 points different? No, you would not do that. Similarly, people cannot buy—

Mr. Sweeney: It sounds like the story of Virgo Press. Did that not take eight months?

Hon. Mr. Walker: That is unrelated.

Mr. Wildman: The minister knows the arguments that I had with him in the House, and among others, the member for Brant-Oxford-Norfolk (Mr. Nixon) as well, regarding the White Farm Equipment deal. I really think the government and this minister are on the wrong track if they think one of the major ways to resolve our economic problems is more dependence on foreign investment. That really seems to be the approach the minister is taking in his comments about FIRA and his other comments about attracting more investment from abroad.

Hon. Mr. Walker: That is an accurate reflection of my views.

Mr. Wildman: I am looking here at the May Ontario Business News and it describes the minister's position, which he said was accurate, talking about the need to create jobs and the need for a positive climate in which business can operate and which encourages investment. It

states, "When you have investments you have jobs and when business can function with government in its hair, business performs at its best."

Hon. Mr. Walker: I could not have said it better myself.

Mr. Wildman: That is your quote. I suppose one of your publicists wrote it, but anyway it is a quote from you. Then it says, "Mr. Walker does not care so much where this investment comes from—although he would prefer if it was Canadian—but he does care how it performs in Ontario."

Hon. Mr. Walker: That is what we are interested in—corporate citizenship, behaviour.

Mr. Wildman: I wonder if he wrote this or not. "I want to help create a climate where business knows it is welcome in Ontario. This may mean I am in the position of sometimes challenging

The Vice-Chairman: Could we refrain from those private conversations?

Mr. Wildman: I am just quoting the minister. I can understand why the parliamentary assistant would not want to listen to what the minister has to say. "I want to help create a climate where business knows it is welcome in Ontario. This may put me in the position of sometimes challenging Ottawa's Foreign Investment Review Agency, FIRA, which often gets in the way of business."

I really wonder if some of the major problems that we have in this province are not the result of foreign investment.

Hon. Mr. Walker: There is some good and there is some bad.

Mr. Wildman: If that is the case, then maybe we should look at whether or not we are going to be successful in our import replacement drive. The route to new investment is largely foreign.

Hon. Mr. Walker: I do not relate to it in the same way you do.

Mr. Wildman: I am sure you do not.

Hon. Mr. Walker: A lot of Canadians keep importing.

Mr. Wildman: I would like to look at a quote from someone who could hardly be accused of being a friend of socialism or anything like that with regard to import replacement. Mr. F. Ferrable, the past president of Ingersoll Rand, said, "The real measure of a nation's economic maturity is its ability to supply its capital equipment needs from domestic sources."

Hon. Mr. Walker: Absolutely, and we do not

ve the capacity to supply our standard of living.

Mr. Wildman: No.

Hon. Mr. Walker: We cannot afford to maintain ourselves in the manner to which we have become accustomed.

Mr. Wildman: Why are you so defeatist?

Hon. Mr. Walker: If you can see lightning and hear thunder, you know there is not enough money in the country to do the investing—

Mr. Wildman: Oh, come on. Surely the minister—

Mr. Stokes: There has been \$30 billion growth of the border by way of insurance funds and pension funds simply because there is a fast track to be made down there. We do not create the climate here to make it—

Hon. Mr. Walker: You are absolutely right.

Mr. Stokes: But that is your job.

Hon. Mr. Walker: I share some of it with this low down in Ottawa, but you are right, Jack.

Mr. Wildman: Surely the minister knows that very high percentage of the capital that is used in American takeovers of Canadian businesses was raised right here in this country from Canadian banks. If you want to talk about our foreign investment, fine, but a lot of that foreign investment is financed with Canadian capital.

Hon. Mr. Walker: A certain amount of it.

Mr. Stokes: We would have enough domestic investment if we wanted to, if we had the will and the confidence.

Mr. Wildman: I would like to talk a bit about how I relate the two, and the minister has said that he disagrees with the relationship. If you have a branch plant economy, as we have in this province, where subsidiaries are dependent on the major decisions, whether they be investment or purchasing policies being made in the U.S. or wherever the other parent firms may be, then it does make it rather difficult, in my view, for us to increase—as the minister has said he wishes to do—import replacement if he is dependent on foreign-owned firms to do that. It seems to me to be kind of self-defeating.

If subsidiaries import their technology, import their component parts and import the machinery that is developed elsewhere by parent firms—that is related to the fact of the kind of corporate relationships that are developed between subsidiaries and parent firms—then, in my view, foreign investment is related to the

problems we have with import replacement. You cannot separate the two.

Hon. Mr. Walker: That is precisely why we have established the committee that was made reference to earlier, a global product mandating committee.

Mr. Wildman: I will get to that in a moment.

Hon. Mr. Walker: I must point out to you some real successes there—

Mr. Wildman: Before we get to that, I would like to look at the potential we have for import replacement in end products. In 1981, we had a trade deficit, which had risen to \$8,478 million up from \$991 million in 1971. In 10 years, it had gone up eight times.

Hon. Mr. Walker: The Japanese cars had something to do with that.

10:20 p.m.

Mr. Wildman: The minister says it is motor vehicles and Japanese cars. All right. Let us look at motor vehicles. In terms of motor vehicles themselves, in 1981 we actually had a surplus. In dollars we had a surplus of about \$3 billion just in completed assembled vehicles. Our major deficit is in auto parts and accessories, and that is not as related to the Japanese imports. It is related, but it is not as related to that as it is to the situation we have with the auto pact.

Right now we have a deficit of \$3,392,000,000 in auto parts and accessories; in machinery and equipment we have a deficit of \$2,126,000,000; office and store equipment, a \$1,578,000,000 deficit; scientific and professional equipment, a \$640-million deficit; communications equipment, a \$325-million deficit; agricultural implements, a \$102-million deficit; plastics and synthetics, a \$150-million deficit.

That is a tremendous potential. The minister might look at what I am saying and say, "That is just gloom and doom and looking at the bad side of things." I do not view that simply as a bad side. This is a potential we have for development.

Hon. Mr. Walker: I share that view entirely and that was the essence of several paragraphs of my opening comments.

Mr. Wildman: Right. But if you go the route of foreign investment as a major thrust for new investment in this province, it is going to be very difficult to turn that around.

Hon. Mr. Walker: Not so.

Mr. Wildman: As an aside, I have a particular matter I would like to mention in passing. It relates to the steel industry in my own area which, as I mentioned earlier, is in serious

difficulties right now. One of the major products produced by Algoma Steel is pipe and it has just been recently brought to my attention. I wonder if the minister has had discussions with the federal government about this.

One of the difficulties Algoma Steel has in competing for contracts in offshore oil drilling is the fact that outside the 12-mile limit the Canadian import duties do not apply. It is an interesting situation. When the minister responds, I wonder if he might indicate whether the provincial government is having discussions with its federal counterpart on that—

Hon. Mr. Walker: I can give you a very fast answer on that. Yes, we have and we have made the submissions. I talked to Algoma. My deputy—

Mr. Stokes: Is that oil and gas?

Mr. Wildman: No. It just relates to the three-mile limit.

Hon. Mr. Walker: The three-mile limit or at least the—

Mr. Wildman: The 12-mile limit.

Hon. Mr. Walker: The short of it is, I think you will find the situation resolved favourably.

Mr. Wildman: Okay. I think we have other potential for development in the electrical sector. Interestingly enough, we have a growth in demand in 1981 despite the recession.

Hon. Mr. Walker: In what?

Mr. Wildman: In the electrical sector.

Hon. Mr. Walker: Microelectronics?

Mr. Wildman: No, not in microelectronics, in appliances and so on. Our demand was about \$6.9 billion, up \$817 million, or 13 per cent growth from 1980 despite the recession. Interestingly enough, the Canadian shipments in the small appliances sector grew by about 10 per cent compared with the growth demand of about 16 per cent. Our trade deficit increased by 18 per cent or \$202 million to reach \$1.3 billion.

Our imports exceeded our exports by three to one. We have deficits increasing in electrical motors and parts, wiring devices and parts, cooking and other appliances and parts, X-ray equipment, as I mentioned before, electrical welding appliances and parts, generators and microwave ovens. In the electronic sector there is a similar situation. Demand increased, despite the recession, by 24 per cent in 1981. Demand increased by \$694 million in the office machines sector, but Canadian shipments grew by only \$192 million.

These are Canadian figures, not Ontario

figures, that I am referring to. The trade deficit in 1981 in the office machines sector reached \$3.3 billion, an increase of 31 per cent over 1980. The deficits are mainly with the US. Our trade deficit in these machines is about \$2.8 billion with Japan it is about \$700 million. We also have growing deficits with South Korea, Hong Kong and Taiwan.

The deficits are up in electronic components: integrated circuits, photocopiers, telephone and telegraph equipment, geophysical equipment, communications equipment, TV sets, radios and tape recorders. The interesting thing about this is that much of what we are importing we have the technological capacity to produce. It is not the high-tech things we have been talking about with the technology centres that are completely outside the realm of our capacity. These are areas, some of which are high-tech that we are already involved in and that we are developing, yet our deficits are growing, not going down.

In foreign ownership, we have so-called Canadian firms that are mandated for specific products and obviously a lot of them are related—especially in auto—to assembly, not to part production, so we are importing the parts. We also import the technology, because of the stunted growth of our industry. Frankly, I think that is inherent in the branch plant economy. When the minister responds, I would be interested if he can explain why he does not share that view. I believe that branch plant economy is largely responsible for our weakness in the capital goods industry.

The Vice-Chairman: Excuse me, Mr. Wildman, I note the clock.

Mr. Wildman: I have about 15 minutes more. Mr. Chairman, so I guess it will have to be on Tuesday.

The Vice-Chairman: Do you want to discuss further allocation of time? Or will we work it out on Tuesday, after you finish your comments?

Mr. Wildman: What has the time been so far? Does the clerk have any idea?

The Vice-Chairman: About five hours, I guess.

Mr. Wildman: We talked about what we wanted to do on Wednesday and Thursday of next week.

Hon. Mr. Walker: Tuesday was to be industry, Wednesday was to be trade, and Thursday was to be the Ontario Development Corp., was it not?

Mr. Wildman: I have another 15 or 20 minutes of my presentation.

Mr. Stokes: I do not want to interfere with any arrangements that have been made previously in my absence, but I think you should give at least 10 minutes to the Ontario Research Foundation. I happen to think it does an excellent job and I think we should give ourselves at least a few minutes to speak to that particular issue.

The Vice-Chairman: That will be on Tuesday.

Hon. Mr. Walker: We will be pleased to do that.

In my responses to the questions posed by critics, why don't I divide my answers into the

corresponding days, at the beginning of the day? Rather than take 15 or 20 minutes, I could take a few minutes on each area at the beginning of each day.

Mr. Wildman: I do not have any objection to that. I think it makes sense. The only problem we might run into is that it might produce the kind of dialogue that leads us never to get to the estimates.

The Vice-Chairman: You will just have to refrain from the desire to interject. We will do the best we can. Are we agreed to that schedule? Agreed.

The committee adjourned at 10:30 p.m.

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No. R-31

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Industry and Trade



Second Session, Thirty-Second Parliament
Tuesday, November 23, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, November 23, 1982

The committee met at 8:09 p.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE (continued)

Mr. Chairman: Let the record show that the chairman does not have his hat yet.

Hon. Mr. Walker: In other words, the chairman is without a head.

Mr. Sweeney: With those snarky remarks he not going to get one, either.

Mr. Chairman: Is there a quorum here? Do you recognize a quorum?

When we adjourned, I believe Mr. Wildman is in the middle of his remarks.

Mr. Wildman: Mr. Chairman, on Thursday evening when we adjourned I had been discussing the differences between the approaches of the ministry and of our party in dealing with what we both perceive to be a serious problem—the trade deficit in manufactured goods. I will not go over all of that except that I will just point to page 24 in the minister's opening remarks, where he stated:

"While opportunities certainly exist for growth in the domestic economy, exports will more and more provide the most dynamic element in our industrial development." Then, of course, further on, at page 30 and so on, the minister talked about the seminars for export development that have been held across the province.

In essence, that is the crux of the difference between us, or one of the differences between us. In our view, the strategy should be aimed not at substituting Canadian production for commodities now imported and at expanding from that growing base to further exports in the world market. The first step should be import placement, whereas the ministry has opted for a sort of double-barrelled approach: import placement, which involves so-called global product mandating; and an encouragement of export. The latter part, really, seems to be related to—I don't know; perhaps a defeatist attitude. It is an attitude that says since import penetration is expanding and our trade deficit is growing, the way to try to cut that deficit is to expand our exports; in other words, to gain

foreign exchange from selling abroad while at the same time acknowledging that import penetration is going to continue to grow.

One of the reasons for that approach, I suppose, is that the government is unable or unwilling to challenge the foreign control of our economy in any meaningful way. Instead of attacking the problem of import replacement at its source by looking at the tremendous domination of the Canadian and Ontario manufacturing sector by foreign investment, the branch plant nature of our economy, the government has attempted to persuade the multinationals to move to a global product mandating approach. This would make it possible for Canadian subsidiaries to have longer or greater product runs, on products that would then serve not only the Canadian market but also that firm's world market. In other words, there would be a concentration on a smaller number of products with expanded product runs so that you would have some rationalization, but at the same time it would still mean a greater number of imports.

I noticed that in one of the most recent Ontario Business News publications of the ministry, the November 1982 edition, the lead article relates to the show in Winnipeg. It has a picture of the minister with his counterpart in Manitoba. One of the things the minister talked about with respect to the trade deficit in our merchandise was the same thing he mentioned in his opening statement: his aim to double the province's exports to \$60 billion by 1987 and, in so doing, to create 100,000 new jobs.

As my colleague the member for Kitchener-Wilmot (Mr. Sweeney) indicated, there certainly is a great deal of scepticism around as to whether those goals can be met. I will be very happy if they are met, and I will be happy to congratulate the government if they are met, but I share a healthy scepticism about those figures. One of the reasons is related to the very question of foreign domination of our economy that I have been discussing.

In a statement made by one Mr. Meskino of the Machinery and Equipment Manufacturers Association, he stated: "In practice, business in the prime export market"—the United States—"is limited by corporate relations. Whether we

like it or not, we are in a branch-plant economy and we cannot compete against our parent corporations."

Basically what he is saying is, and I do not think I am reading too much into it, that global product mandating is a dream, perhaps a pipe dream, because the parent firms in most multinational operations just will not agree to have their subsidiaries move in the directions the ministry would like. I realize the minister's predecessor had the committee looking at the whole concept of global product mandating and came out with a report indicating that, while there may not be enthusiasm about it, it might work. Certainly there is a body of opinion around that indicates it is not a viable alternative unless we challenge the foreign domination of our economy. In our view, foreign ownership is the major impediment to an expansion of our exports and a neutralization of our trade position.

Another major problem we face in our economy because of the amount of foreign ownership, or at least partly, is the very poor performance of Canada and Ontario in comparison with our trade competitors in terms of research and development. The figures have been quoted already, and I will not go over them again, but when we compare Canadian performance to that of the major industrialized nations we are competing with, our record is dismal. The statement has been made that in West Germany, one firm alone does more R and D per annum than all of the firms in Canada. This is an indication of the lack of commitment to research and development on the part of Canadian branch plants, largely because most of their technology is imported from the parent firms. In addition to the difficulty that gives us in developing new product lines or adapting new technologies, it also adds to our balance of payments deficit, because we are paying for the technology and expertise we are importing from abroad.

The approach the ministry has taken through the so-called Board of Industrial Leadership and Development program is the technology centres—and we see the hats around here. I wonder which technology centre developed the hats. When I was coming in here this evening I thought it looked a bit like we were at one of George Samis's meetings over beer in the ball park. I am not sure—

Hon. Mr. Walker: Kitchener colours, I hope.

Mr. Wildman: Maybe Oakland, I am not sure.

When the BILD program was announced we heard a lot of ballyhoo about what the Innova-

tion Development for Employment Advancement Corp. was going to do and what technology centres were going to do. It has been some time since those announcements were made and most of the centres are still not in the stream. We have had a couple of openings, but it has taken some time. I hope the minister, in his response, or at some time during the estimate, will give us an update on what is happening with each of the centres, that we will get more than just the hats during our discussions.

8:20 p.m.

I noticed, in October, when we received the annual report of the IDEA Corp—and it was later written up in Orland French's column in the Globe and Mail—

Hon. Mr. Walker: That was reporting on something like 17 days.

Mr. Wildman: Seventeen days?

Hon. Mr. Walker: The IDEA Corp. annual report came on March 31, 1982. The board was set up on March 5, 1982. They therefore reported to us, whatever that difference was, 25 or 26 days—

Mr. Wildman: The annual report I have dated September 1982.

Hon. Mr. Walker: It was published then, but it related to March 31.

Mr. Wildman: Well, okay.

Hon. Mr. Walker: It is for the year-ended March 31.

Mr. Wildman: Offhand, I cannot remember what date the bill was passed in the Legislature. I do not know when it was proclaimed, but it was certainly some time ago. Basically you have a report which, as Mr. French indicated in his column, is three pages. The first page consists of a letter from the chairman to the minister submitting the report. The second page gives a chronology of events. I have it right here: October 30, 1981, the act establishing the corporation was passed; January 1, 1982, the chairman was appointed. It gives two dates in March: first, when the board of directors was appointed; and, second, concerning the powers and duties assigned by the act. The third page is simply a list of the board of directors.

If, as the minister has said, this report is up to date as of the end of March only, I hope we can have some update, at least for between March and September when the report was published, as to what has happened. We are told there is to be \$100 million committed to the IDEA Corp. over

ve years. I hope we can have some indication of what exactly is happening with that.

We have been told the purpose of the IDEA Corp. is to marry the research done in universities and in the public sector with the needs of private industry. I hope we will have a discussion of what that means and of how active or how passive a role the corporation will be playing in trying to encourage the development of new approaches and new technologies in our economy. In terms of the technology centres, the minister said in his opening remarks that \$120 million has been committed over five years and we will soon be seeing further openings. In response to some comments I made last week, he indicated that we would see a much more expanded mandate for the resource machinery centre in Sudbury than had been previously indicated.

Not long ago, I read with interest an article in the *Globe and Mail*, on October 23, which dealt with the technology centres and specifically with the auto centre. The article is entitled, "Ontario hopes technology centre will tune up auto trade," and is written by Jennifer Hunter. In that Mr. Barnes is quoted as saying, "The tech centres were being hyped up for a year and half in terms of heaven knows what to everybody."

I think that is a very accurate description of what was happening. I certainly agree with Mr. Barnes' comments. I hope we might get rid of a little of the hype here and get down to what is actually happening and find out what we can expect from each of the centres.

There have been those, and I would not necessarily include myself among them, who have seen these centres as being related more to politics than to the economy or technology. Perhaps some of the hype Mr. Barnes was referring to is one of the reasons for that rather cynical view of the technology centres.

I would also like to comment briefly on some discussion we had regarding robotics and the robotics centre, and what the future may be for employment in terms of robotics.

I note the minister made a statement recently, and I hope I am not misquoting him, in which he said that we would need 30,000 new jobs in Ontario for the skilled people who would be able to fill the new kinds of jobs we will see opening up in the next few years. He lamented the fact that we have failed to provide the kind of training that is necessary for people to respond to the changes in our economy and to the new types of technology that will be used.

That was raised in the committee; the con-

cerns people might have. One of the things my colleague the member for Kitchener-Wilmot (Mr. Sweeney) pointed to was the Japanese experience; robotics have been used in Japan far more extensively than in Canada. We have seen that jobs have not been lost there but, rather, that there has been a major effort to retrain people.

The minister said: "There is some concern that robots may take away scarce jobs. The Japanese experience proves these fears are unfounded." My colleague the member for Kitchener-Wilmot agreed with that and went on to talk about the human aspects of this whole problem.

I think it is important for us to realize that there is a major difference between the attitudes of the Japanese, both management and labour, and their historical development of those relationships, and of the people in North America. Our experience relates more to that of the British, in terms of the development of labour management relationships, than it does to the Japanese experience. In many ways it is far more related to the British experience than that of some parts of Europe. That experience has been one of an adversarial rather than a co-operative approach.

The member for Kitchener-Wilmot talked about the need to break down some of the barriers and to bring about greater co-operation, but one of the major differences in the Japanese experience is the attitude by both labour and management to job security. There, you have a situation—my colleague the member for Lake Nipigon (Mr. Stokes) can expand on this—where if an individual obtains a job with a firm, that person, both as an individual and as a part of the collective enterprise, is committed to that firm for life and the firm is committed to that person. The worker knows that if he performs well, he has job security and that if new technology is developed, he will not lose his job. Rather, the company will work to ensure that he has the kind of training that will make it possible for him to serve the company in another role, in carrying out different functions.

Unfortunately, that is not an attitude we have, I admit, on either side of North American labour-management relationships. In North America, traditionally management has seen labour as a commodity, one component of the manufacturing process. That component can become expendable and has become expendable. On many occasions we have seen layoffs because of new technological advances.

Mr. Stokes: The enterprise has become the family in Japan.

8:30 p.m.

Mr. Wildman: That is right. In many cases I am afraid you also have, in North America, unwillingness on the part of labour to move to a more co-operative approach. The problem is on both sides and will not be broken down quickly or easily.

I would like to talk for a few moments, before closing, about the auto sector and specifically about the auto parts technology centre Mr. Barnes was quoted about in the *Globe and Mail*.

I think we all realize, certainly in Ontario, that the auto industry is in a serious crisis. As long as the auto pact continues to operate as it has done for the past 10 years, we are just not going to be able to turn around the deficit in auto parts that I referred to last week.

I listened with some interest to an interview on CBC radio with the minister and another gentleman who had recently completed an analysis of the future of the auto industry. That individual painted a rather gloomy picture about the future of the industry in Ontario and Canada, and the minister made it quite clear that he disagrees with that position. So did the Premier (Mr. Davis), as a matter of fact, at a recent meeting in Toronto.

I noted in the bulletin that was published on Wednesday, November 3, that "the minister dismissed as nonsense the recent report by the private research organization predicting the demise of the Ontario auto parts industry, pointing out the new market opportunities that are emerging for an industry that can respond 'with imagination and skill.'"

I certainly hope the minister is correct. I think we have the opportunity but, as I pointed out last week, our deficit continues to grow. While the trade balance in terms of assembled automobiles has been in our favour, the deficit in the auto parts sector has been in the range of about \$3 billion.

It does not appear to me that we are in a period where it is very likely that the Americans will be willing to renegotiate the auto pact, considering the serious difficulties which the auto industry now is experiencing in the United States, the attitude of the Reagan administration and that of certain senators and congressmen towards Canada and trade with Canada in general.

There is a protectionist attitude developing in the United States as there is in other industrialized nations because of downturn in our econ-

omies, and the competition from the Japanese has certainly spurred that kind of attitude. I do not think it is valuable at this stage to be talking about renegotiating the auto pact. I think should be renegotiated and changed, but that is not something that is going to happen very quickly. I am interested in hearing the minister's comments about this report, which he has termed "nonsense," and what new market opportunities he sees emerging that the industry will be able to respond to.

As in other manufacturing sectors, we have little research and development in the auto sector. It has worked out to about \$230 million per year from Canada to support R and D for the auto industry in the United States, which is a serious drain in our balance of payments. It does not just affect the auto industry directly; it also affects the primary metals, rubber and metal fabricating as well as a number of other industries related to auto parts that we continue to lose and the balance continues to go against our favour.

I wonder if the auto tech centre is enough to stem the tide and to develop new kinds of research and development and new product lines that will obtain a greater share of the market.

In the same article that I was quoting from recently, T. J. Mullan, the general manager of Detroit Gasket Canada of Petrolia, which is owned by Indian Head Inc. of New York, made a couple of statements. C. J. Christie of the Electro Rubber Ltd. in Toronto also made some comments. He said, referring to the auto tech centre: "I didn't give it too much thought when a letter from the APMA crossed my desk. My initial reaction was, 'What is this all about? Will we ever use it? It's unlikely.'"

There are comments from others in the article. I do not like to give just the one side of the view. There are comments from others who have sort of a wait-and-see attitude. They think it looks like we will start small and maybe it will develop.

I would be interested in finding out where we are going to get the marketing, managerial and technological experts for the centre, where are they coming from. It states in this article that Mr. Barnes admitted they may have to be imported.

I am greatly indebted to Mr. Barnes for the article and I am sure he will be given the opportunity to respond to the reactions that his statements in the article raised.

In our view, we need a new direction, a new

positive and active role for government in the manufacturing sector, not just the auto parts sector but also in the major manufacturing sectors in our economy. We need one that provides a role for direct government investment aimed at greater Canadianization and the development of research and development of products and technology, and a major effort in regard to Canadian value added. I must admit that despite the hats, I remain a little sceptical that the approach of not only the auto sector but also the technology centres generally will meet the very serious needs we have.

I would like to close by referring to one of the other major thrusts of the ministry, or certainly that should be one of them, and that is the assistance to small business in this province.

I referred last week to the large number of bankruptcies we have experienced in the current year, and I note that not long after the minister was first appointed to this ministry he made a statement indicating how strongly committed he was to the small business sector and how he wanted to get government off the backs of business.

I think he used the example of the candy vendor on the street corner as the epitome of the free enterprise spirit. There was someone out there in the marketplace competing on his own without government involvement, and this was really something that should be emulated by all businessmen.

I believe that was what he was really saying. Perhaps the minister did not say that himself, but one of his publicists who is very used to hearing the way the minister talks wrote that up. I think the minister would agree that even if he did not actually say that, it was in line with his thinking.

4:40 p.m.

Hon. Mr. Walker: You know, I said that before. In fact, I had to say it three times before it was quoted.

Mr. Wildman: Maybe the media were not quite sure you were being serious.

Hon. Mr. Walker: They are now.

Mr. Sweeney: Was that before or after the even per cent sales tax?

Mr. Wildman: I think that was before the even per cent sales tax.

Hon. Mr. Walker: It has not cut their business a bit, they said.

Mr. Wildman: My colleague mentioned an article that appeared in the Toronto Star on

Tuesday, November 16, regarding a firm that had just failed and some of the comments that were made in that article. I will not repeat them, but I do have a couple of questions about Ontario's role.

My colleague the member for Kitchener-Wilmot indicated the quote from the official who said he contacted the Ontario government, which was helpful and provided him with information but which is not currently offering funds to small business. He asked for clarification of that, and I would certainly like to have some as well.

The major point made in this article is that we have a situation in Canada and Ontario where a number of small firms—the one referred to in this article happens to be a high-technology firm—

Hon. Mr. Walker: Is that AGM Machine?

Mr. Wildman: Yes. These firms are obviously in trouble because of the current interest rates and recession. They are in need of an infusion of capital if they are going to continue and grow and be able to be in operation and viable when the economy starts to turn around. We have a situation where one of the top executives of this company is making a statement that he contacted the provincial government and did not get any help.

The main point of the article is that the banking system we have is not set up to help him either. There is a statement by Franz Drees of F. K. Drees Realty Inc., a business brokerage firm that was interested in helping AGM find a buyer or further investors. He talks about the banks. He says, "Our banking system is just not geared to this type of thing," mainly because of the length of time it takes to get loan approvals and the fact that credit is not handled locally in many cases.

This firm was negotiating for a loan over a long period of time and was finally given a negative answer. They felt they had nowhere to turn. It is somewhat ironic, because they make the point that it was just at the time they got the negative response that they appeared to be on the threshold of a major contract, one that might have kept them going and enabled them to weather the storm; but because of the bank's attitude, not only the delay but also the final negative response, they had to fold.

I know the minister's statement pointed to the work of the Ontario Development Corp. and the loans they provide. He argued that produces a great deal of assistance to small business and a large number of new jobs. He said on page 9 of

his statement, "It is estimated that ODC projects funded in the past fiscal year will help to create more than 14,000 new jobs over the next five years."

One of the concerns I have about ODC, the Northern Ontario Development Corp. and the Eastern Ontario Development Corp. is that when they talk about job creation, it appears to me that most of the time they are talking about job projections. These loans are approved on the basis of the viability of the operation, the prospects of the business and on job projections; but those job projections are not adequately monitored and we do not really know after five years if the jobs that were projected are actually there or what percentage are actually there. I think it would be useful for us to have that information and for ODC to monitor the job creation in actuality.

Hon. Mr. Walker: It might be interesting to note that you are absolutely right. We cannot tell you today what it will be like five years from now and whether the jobs projected will have been consummated. However, we can tell you we have monitored them over the past, and you will have an opportunity to pose questions to Mr. Croll in due course.

I think you will find it a rather interesting statistic that, where we have projected in the past, we have surpassed the projections. If anything, we did ourselves a disservice as politicians in underestimating five years ago what would happen in those five years. I would ask you to invite Mr. Croll to respond to that. I think you will find we underexaggerated the number of jobs that would be created in the process. Private business produced far more in the process than we had projected. It was a mistake on our part at the time.

Mr. Wildman: I would be glad to have that kind of dialogue.

Hon. Mr. Walker: We will not make that mistake again.

Mr. Wildman: I may have a jaundiced view of the record of the Northern Ontario Development Corp. in my own area, because there are a large number of firms along the north channel that have received loans for the past few years from NODC and have gone bankrupt. It is a very high percentage, a much higher percentage than ODC claims to have across the province.

Hon. Mr. Walker: But is it not true that the only thing you hear about are the problems and that you do not hear about the successes?

Mr. Wildman: Unfortunately, there are few successes along the north channel in terms of loans by NODC.

Hon. Mr. Walker: I think you will be fascinated to explore this whole area. Do not limit to a small geographic area.

Mr. Wildman: No, I was not. I am just saying that I may have a rather jaundiced view because of that. I understand that ODC claims to have more than a 90 per cent success rate. I suppose that is tremendous if you compare it with banks.

Hon. Mr. Walker: We are going to disabuse you of your jaundice.

Mr. Wildman: I just wish they had the same record in my own area.

In that regard, I hope the minister can answer a question later on regarding Sullivan Trailers and Equipment Manufacturing Co. Ltd., a firm that received an NODC loan in Thessalon township in my riding and has since gone into receivership and is bankrupt. NODC now owns the property and has been trying to sell it for years.

Hon. Mr. Walker: Keep in mind it is not only NODC-supported firms that have gone bankrupt.

Mr. Wildman: I understand that. I mentioned last week that we have had a 44 per cent increase in bankruptcies in the northeast this year.

I would like to know what attitude ODC take towards municipalities when it owns properties that have been turned over to it because of bankruptcies, because I have a complaint on this one. The local municipality says that for some reason NODC does not pay its taxes on time and always lets them go in arrears for three years and pays just before the deadline. I wonder why a government agency would be acting that way towards a municipality rather than setting an example of good corporate citizenship.

Hon. Mr. Walker: It protects the taxpayers' money.

Mr. Wildman: It does not protect the property taxpayers, because in essence this is a situation where those municipal property taxpayers are subsidizing NODC in interest payments over the years until they finally get their money. Right now there are close to \$18,000 in arrears owing to a small municipality for taxes on that property. That works out to about one third of its total tax arrears. I do not understand why NODC would operate that way.

I would be interested also in finding out about

the relationship between NODC and the northern Ontario rural development agreement in the operation of NORDA. I understand that NODC consultants advise quite often on proposed grants from NORDA to local businesses, do analyses of those businesses and their viability and make recommendations.

I would hope you could expand on the relationship there, as well as the relationship between your ministry and the ODC and the new Ministry of Tourism and Recreation, since you are still responsible for ODC in the operation.

5:50 p.m.

Hon. Mr. Walker: Raise those questions with ODC. That is a rather interesting relationship. I am not sure how that is going to work out in the estimates process as to whether you question the Minister of Tourism and Recreation (Mr. Baetz) about his ministry's matters that are ODC-oriented or that ODC is the vehicle for—

Mr. Wildman: That is one of the reasons I would like to have that raised.

I would like to close by saying that, as a member of the Legislature who is interested in this field, I do have a great deal of confidence in Ontario and in the economy of this province. As the minister and others have said, we have a wealth of resources and a skilled and productive work force.

I believe the Ministry of Industry and Trade should be a catalyst for positive planning and intervention in the economy. It should not be passive. It should not restrict its role to arranging meetings, transferring information or even handing out grants and loans. The ministry should enable Canadian industry to get in there and compete, and it should be very active in trying to counteract the structural problems we face in our economy, particularly foreign ownership.

Hon. Mr. Walker: Mr. Chairman, a lot of questions have been posed. I have never been to a meeting where so many questions have been posed. It may take me more than five minutes to respond. Let me try to move through them as quickly as possible. Catch me where you can on ones I overlook and I will come back to them. We have tried to keep a record as best we can and to put together answers.

The member for Kitchener-Wilmot posed a fair number of questions. I think every other sentence was a question that we should be answering; so it may take a moment or two.

Mr. Sweeney: That is the teacher in me.

Hon. Mr. Walker: Yes, the teacher in you is coming out.

I took some initiative on my own to answer the copious questions of the member for Algoma. Many of them have been answered along the way and I will try to pick up the balance in the process.

The member for Kitchener-Wilmot raised a question involving the Canadian Manufacturers' Association and other exporters as being somewhat sceptical of the province's capacity to double exports in the next five years.

Let me tell you, if we do not double exports in the next five years, we are in real trouble. We are arriving at a figure we think will resolve a lot of the problems. If we do nothing, we will simply go down. That is an important thing. The \$60 billion of exports is a target we must pursue if we are going to arrest the erosion of our share of the international market. We have to arrest it and we have to recover from the arresting.

I mentioned that between 1970 and 1981 our share of the world's trade in manufactures slipped from four per cent to 2.5 per cent. That translates into 100,000 to 200,000 jobs in our manufacturing sector.

Had we not gone through the slippage, and I am not being critical of what has transpired because there has been a substantial increase, had we maintained our share of what was transpiring, we would not be talking today about the unemployment we are talking about. The goal we are pursuing is extremely admirable.

Mr. Sweeney: I do not think anyone is questioning the goal or the desirability of the goal. The point Mr. Phillips from the CMA made was that they are not sure how it is going to be achieved.

The thrust of my question was that I hoped to get some indication from you and your ministry as to what specific plans you had to do that, because as you say yourself the history of the last decade has been one of slippage, not growth.

Even the growth that has taken place over the last couple of years has been largely due to the declining value in the Canadian dollar, which is not going to be maintained over the next decade. I do not think it will be.

Unfortunately, it is bad times, in one sense, that have created the growth we have had. Surely we are not going to have to depend upon those kinds of economic times to have further growth. It is how, not whether it is desirable or not.

Hon. Mr. Walker: The how is quite correct. To quote Roy Phillips, chief officer of the Canadian Manufacturers' Association, he stated to us that the projection is an admirable target, one that will and should require support of everyone concerned, labour, management and government, to achieve a very important goal. We intend to achieve that.

We depend quite heavily at the moment on trade in Canada, but there are areas where we certainly could improve our performance. In recent times, we have discovered that one in four actually export. There are about 3,000 firms in Ontario that actually go through exporting. We have made some substantial moves. One is the export seminars. I invited you to go along with us last Thursday to attend the seminar at North Bay. That was the fifth in a grouping of five. The four previous ones were held in Windsor, London, Kingston and Hamilton over the preceding six days.

Keep in mind there are 3,000 exporters in Ontario. In that period of time, we talked to well over 1,000—and the figures are still coming in as to the ones we talked to—potentially new exporters. Admittedly some were existing exporters with the intention of exporting more, which to our way of thinking meant a new export, but the majority of them were brand new people. If we touched on only 500, which gives us the benefit of the doubt—I think it is something in excess of 700 new exporters that we touched on in this process—this is on top of 3,000.

If we can get another 500 or 700 exporters to start getting into the business in the five-year period we are talking about, they should be able to make great gains because the export potential is phenomenal. The opportunities for securing a better percentage of the world trade that will be existing during this recovery period, when we have some fairly hungry people in the province, is a substantial goal.

Having these export seminars, where we talk to a total of about 1,500 people in the process, tells us that we are on the right track. We feel we are getting to the source of people. We are getting a substantial new net increase of potential supporters.

I am sure Vern Denholm, the manager of the CMA Ontario division, would not object to my making this letter public. He wrote to me on November 17 saying: "It is gratifying to know that your ministry is undertaking a major commitment to increase Ontario exports. We would be more than happy to co-operate with your

ministry in any way you see fit on your export program."

Professor Weiden, of the school of German studies at the University of Windsor, wrote to me on November 13, which was virtually the day after our seminar, saying, "Amidst all those clumsy governmental attempts to cure the country's economic ills"—he must have been referring to a different level of government—"by repression, it was truly refreshing to learn of your constructive undertaking to encourage Canadian businessmen to pay more attention to export opportunities as you visited Windsor this week."

The short of it is, we are going to turn over every possible stone to achieve our goals. We are going to achieve the goals. Mark my words, we are simply going to achieve them. You measure the people of Ontario who are in the exporting business at the end of a year and tell me whether we are going to reach our goals. We are going to reach our goals. I can show you that at the end of it.

The process is there. We are going to enhance our trade missions. There are two kinds of trade missions. There are trade missions that are permanent and there are trade missions that are floating, so to speak. There is a floating trade mission to a new destination every single week beginning September 1. It is going to run for the year. That has not happened before.

9 p.m.

A trade mission does not just happen; there have to be people to see, people to take, people who are prepared to sell, people who are prepared to buy. To bring that all together, you can imagine the effort that goes into organizing one trade mission. Think of what it takes for you to organize your own trip to some exotic destination. Apply that to our situation as we try to transport 12 or 24 people to world centres in order to accomplish export sales. As a matter of fact, just today I learned of a \$12-million deal that resulted from the export mission to West Germany two weeks ago; a \$12-million sale of office furniture from a Kitchener company, I believe.

That is the kind of thing we are talking about. It does not take long to add that up. These are the trade missions that go on an itinerant basis to destinations—to Cuba, to South America, to Switzerland, to Germany, to Africa; all over the world. We are having success with those that we have not seen before, an enhanced and increased effort. That is one way.

A second way is through permanent trade

missions. We have permanent trade missions in centres in the world. It is my intention to increase the number of centres. I would expect that you will see at least a couple by this time next year, if not more than a couple. We are looking at the eastern seaboard of the United States, with one destination that will serve South America, because that is primarily the best way to do that. That is another substantial way.

We run our international centres on a profit-centre basis. We expect them to deliver a certain amount. If they do not deliver, we are going to sever the relationship and either find other people to run the operation there or change the location to one that is going to generate profits. We are now on a monthly reporting basis, showing in a graphic way what they are achieving, the number of new leads they have, the number of people they have contacted, the number of joint ventures they have generated, the number of agencies that have been appointed.

We intend to achieve the goal. It is as simple as that. We will have our trade policy ready for public consumption and criticism within the next month. We anticipate that it will be made public and we will make sure you receive a copy of it. We are defining our strategy for trade, our policy for trade, our framework for trade, that will generate in our mind the proper direction to lead.

Mr. Sweeney: Let me put it a little more specifically again. You know as well as I do that the kinds of things that are going to sell our products abroad are price, quality, delivery, meeting their markets.

Hon. Mr. Walker: And we have got it.

Mr. Sweeney: What specifically is being done to deal with those? If you are looking at a five-year plan, if you are talking about doubling when you are looking at picking up roughly \$30 billion, or \$6 billion a year. What kind of five-year plan do you have? What are your benchmarks? How do you identify whether those benchmarks have been met? What do you do if they are not met? What are your contingency plans?

Hon. Mr. Walker: Fire the staff.

Mr. Sweeney: Oh, come on. It sounds great, but—

Hon. Mr. Walker: The short of it is that everyone must be on a productivity basis. Yes, we know we have to pick up so much each year. First of all, some of it is going to be picked up by

inflation. That is inevitable in the process. Products that are sold today are going to be sold for a certain percentage more next year, continuing that market. So there is a percentage factor of this that is inflation. We intend, however, to have a net increase in the process.

Mr. Sweeney: What if inflation continues at 10 per cent a year?

Hon. Mr. Walker: We are not anticipating that. First of all, you have to assume that inflation is at the international level. In the United States, today's average level is 5.9 per cent, anticipated to go down below that in the ensuing year. It may be higher in Canada than it is on a worldwide basis. If inflation in Canada does not come down they are obviously not going to sell as much, or at least they are going to have to underprice—

Mr. Sweeney: What are your strategies for competing with other jurisdictions, particularly some of the hustling Third World countries?

Hon. Mr. Walker: For what products?

Mr. Sweeney: Some electronics products, for example.

Hon. Mr. Walker: I am glad you asked that question.

Mr. Sweeney: They say they are consciously determined to emulate the export-driven economic growth of a country like Japan. You are going to have to meet them head to head. How are you going to meet them for price? How are you going to meet them for quality? How are you going to meet them for delivery? How are you going to meet them for meeting market needs?

Hon. Mr. Walker: We are going to get there first. We are going to get there cheapest. We are going to get there best. Three ways; that is how we are going to do it.

Mr. Sweeney: How are you going to get there cheaper?

Hon. Mr. Walker: We can tell you how we are going to get there first very easily. We can tell you how we are going to get there cheapest and best: by the creation of six technology centres. These six centres, which will involve a \$120-million investment over the next 16 months in effect, have purposes that are clearly related to productivity. They have to produce cheap and they have to produce best, and they have the capacity to do it. These six technology centres have a function that is basically to take a company and get it to the spot where it can produce exactly that position. We intend to see that achieved.

These technology centres are not just there for themselves. Who are they there for? They are there for the 14,500 industries in Ontario that have the ability to take advantage of them. We know that our industries here do not, by and large, have their own research and development centres. Granted, if you are talking about an auto parts company or about Budd Automotive in Kitchener—

Mr. Sweeney: Troy, Michigan, is where their research is done.

Hon. Mr. Walker: But they have research and development; whether it is in Troy or whether it is here, the fact is they ultimately get it here within a matter of hours. They may pay for it, but they get it here.

Mr. Sweeney: All they do here is stamp out mouldings.

Hon. Mr. Walker: But how many people are employed stamping out mouldings? Five hundred people are employed in Kitchener, in your riding, 42 per cent of whom live in your riding.

Mr. Sweeney: It used to be 3,000.

Hon. Mr. Walker: Well, 500 people is still a fair number to be stamping out these mouldings. All I am saying is that those companies have their R and D facilities available to them. They may go to a parent company, they may go to licensing—who knows what. There is a fair amount of licensing done in Kitchener from other countries in the world.

Most of the automotive parts companies tend to be small. They have no R and D, they have no engineering capacity. They have some person who perhaps knows how to transmit an idea, how to sell an idea. Maybe they even pirated the idea from the company they worked for eight or nine years ago. Perhaps "pirate" is too strong a word, but in any case they have a process that is in being at the moment.

These technology centres allow those little companies, those 42-person companies, to have access to an R and D facility. They get their research from places like the Innovation Development for Employment Advancement Corp., which touches on what you are talking about. IDEA will be strictly venture research. The technology centres will be primarily centres for the transfer of technology. The technology, by and large, exists; the idea is to get that knowledge in the process.

If one were to criticize the National Research Council, one might say that too many of their solutions sit on the shelves. They invent something, put it back up on the shelf and it is never

seen again. Such is the case in universities, and is happening more frequently than we would like it to. One process invented at the University of Western Ontario not too many months ago involved some biotechnology, some matter involving insecticide. The insecticide finally had to be peddled through an Israeli company to get that thing into the process. Now it probably will be sold back to us in the process. That is bad. I do not want that kind of thing to happen. The purpose of the IDEA Corp. is to take that and put it into place. The technology centres' purpose is to take the idea and generate it into the process; so it may have to beat the bushes to find someone to generate it.

That is how we are going to do it. These technology centres will get there first, best and cheapest; that is their mission. They are going to be funded properly. They are going to be world-class centres. Those are the instructions I am giving to each one of my advisory boards: "You are to be a world-class centre, the best brains available to you, the best technology available to you, the best access available to you. You take that process and you get that into being." That is how it is going to be accomplished.

9:10 p.m.

Measure us after a year. Watch us for 12 months and tell us whether you have the same observations. When you come back into this ministry's estimates process next fall, you tell us whether we have accomplished what we want to accomplish in this process. We intend to do it. That is a commitment. We see nothing less than success in the process, and we are going to be very upset if we do not arrive at the success that we are talking about.

You may not like the figure that we have set. You may think it should be less. To be honest with you, I sometimes think it should be more. But if you think it should be less—

Mr. Sweeney: I am not quarrelling with the figure.

Hon. Mr. Walker: All right; if you are not quarrelling with the figure and if you agree with what we are doing, it is then only a question of the process.

Mr. Sweeney: I agree with the goal. I am looking for the how.

Hon. Mr. Walker: We will show you the how. You watch the trade package that unfolds, and when you get through reading that, you watch for the industrial package that will unfold some time very early in the new year. Then you watch the technology package that already is half

committed; you watch it when it unfolds in the new year as well. You watch the investment policy that unfolds and you are going to see the commitment to single-target accomplishment. We intend to reach that, and we will. That is it. Now to what extent is there a liaison between Ontario and Canadian trade offices? There is an awful lot of liaison. Staff at Ontario international offices maintain close working relationships with their counterparts. Generally, the federal offices tend to fill somewhat different and broader mandates, and we tend to avoid overlaps.

Red Wilson, when he was the deputy several years ago, made a deal with the federal government, "You stay out of our business and we will pay out of your business." That commitment has carried on through the years and has worked out pretty well. In fact, the relationship is such that it is almost symbiotic.

Mr. Sweeney: How can your business be different? You are both trying to sell into those markets.

Hon. Mr. Walker: We are talking generally about the areas we appeal to internationally. First of all, they have about 75 offices more than we have. Second, we have this relationship where they run their own areas. If we are talking about industry—and very often you cannot distinguish trade from industry—if we are talking about industrial development within the province, so much of which is export, they run their programs and we run our programs. Very seldom are they overlapping. Occasionally they do, but seldom.

There are 450 programs between the province and the federal government for small business. They are mutually exclusive programs in almost 100 per cent of the cases.

In fact, such is the symbiotic relationship that last Thursday, like every other one of the days in the four other centres, the federal officials chaired our seminars. The seminar on the United States, the one on Latin America, the one on the Far East, the one on Europe, the one on Africa—these were chaired by the federal officials. We had A, B and C, who were appropriate federal officials, at our head table at the luncheon and this committee's extremely distinguished chairman was sitting right beside the federal official, were you not? Say you were.

Mr. Chairman: Do you want me to comment? You invited this committee to go and they did not go. I could give them a report if you want.

Hon. Mr. Walker: Is it legitimate for the chairman to speak? In any case, the federal officials were there, the assistant deputy minister for Ontario was at our head table three out of the five times. We had all the officials playing a part in it, and it was really a very integrated process. People had to ask, "Are you federal or are you provincial?" when they went to the meetings and sometimes did not know until the person introduced himself. So yes, there is a very strong liaison between the two.

Mr. Sweeney: To what extent does a business or an industry in Ontario have to deal through two offices rather than one?

Hon. Mr. Walker: They do not; they deal through one. If they want money, they go to federal Business Development Bank, because that often acts as a conventional bank; it is quite different from Ontario Development Corp. Let me give you one example, called PEMD—program for export market development—which is a grant that provides assistance to someone who wishes to export. That person's trip on a trade mission to Caracas will be paid for by the federal government, and six months later, on the basis of the sales they have made, they pay the money back to the federal government.

The approval must be provided by no federal official; the approval is provided by the provincial official. So our industrial development officer, Peter McGow, actually generates someone through the process. There is no one in the federal government who is stamping the approval except for one at the top who finally says: "What does McGow say? If he says this is right, right; approved." So it is a straight, direct relationship.

So as to the kind of relationship we have with the federal government, I suppose there is no ministry that relates more symbiotically, directly and relatively than our ministry and the corresponding federal ministries in this area. I think it is exemplary. I do not know if it happens elsewhere in this country, but it certainly is working well in this province with the federal government and the two working back and forth. Witness the Chrysler-Perkins deal; witness even the Ford deal a few years ago; witness the Massey deal. So these things all come together.

You raised some questions about the small business programs that were alleged to have been cancelled in favour of a \$225,000 advertising campaign by the ministry. Let me stress that the four small business grant programs and the small business radio campaigns are totally independent initiatives; there is no tradeoff in the

funding of each. You know I mentioned that to you in the House when you raised the question.

We conducted an internal review of our small business grant program. Our initial review found that they were close to running out of money, so, having expended 80 per cent of the money in almost every category—in fact, one of them was 85 per cent—by the time six months had elapsed, we said: "Wait a minute. We are running through this budgetary program far faster than we had anticipated." We had to slow that down, because we were going to exhaust the amount that had been allocated by you in the Legislature barely a year earlier for our purposes.

We had a principle that we were following. We were paying out far too much; we were going faster than we expected on it. It may tell us what we might do in next year's allocation, but this year we were trying to be responsible and stay within budget, and that was the process we were entertaining.

I suppose we were paying out more because of the nature of the economy. More people were prepared to take advantage than a year ago when the economy did not reflect the same kind of distress that we have been struck with. So we were adhering to good budgetary practices. Indeed, had we done otherwise you could have castigated us for it, and properly so.

Mr. Sweeney: But at that point the message that is surely coming back to you is that there is an increasing need out there; and if there is any money available anywhere it would make more sense to use it to meet that kind of need rather than use it for something else. I challenged you on this.

Hon. Mr. Walker: If that were the most important part of the process. You have to remember that the number of people we are touching on is fairly modest in number, like a handful. These programs were considered minuscule in proportion to the effort we were affording to small business.

You must keep in mind what we are doing for small business. Almost everything we do is small business. In a moment I will answer a question for you that relates to whether we are all large business or whether we are small business. The fact is that we really are small business.

As I say, at the six-month point we had that 80 per cent committed. We reviewed the programs and ultimately concluded that we were going to continue it but with a little less speed than in the first six months; so that was the first measure. We have now reviewed it; we have reopened it, and we are running at a somewhat slower pace

of approval, although still they have the same boards each month making the approvals. It is not quite as fast as it was before. We have responsibility to stay within budget.

Now what do we do for small business? Let me tell you this. The whole ministry is small business. If anything, the large businesses should be complaining about what we are doing. They really are getting the short end of the stick in the process. Ninety per cent of what we do—

Mr. Wildman: Ford, Chrysler and Massey are getting the short end of the stick?

9:20 p.m.

Hon. Mr. Walker: No, no; you mentioned they were grants. We are not talking grants in those cases. Remember the Massey one; you voted for it. I remember your vote.

Mr. Wildman: I am just questioning what you said, that they are getting the short end of the stick.

Hon. Mr. Walker: That is, in effect, right. Ninety per cent of the Ontario Development Corp. to the extent of 600 per year, 6,000 since inception, \$60 million per year, goes to small business.

Mr. Sweeney: Perhaps it would be helpful to stop and—

Mr. Andrewes: I traded my hat in, Mr. Minister.

Hon. Mr. Walker: Some trade.

Mr. Sweeney: We would agree—some trade. Perhaps it would be helpful at this point if you were to give us your definition of small business.

Hon. Mr. Walker: Basically we are following under 100—

Mr. Sweeney: One hundred employees?

Hon. Mr. Walker: Under 100 employees; which is the Canadian Federation of Independent Business definition, and under—was it \$5 million?

Mr. Sweeney: How about dollar value of business?

Interjection.

Mr. Sweeney: Is there a dollar value attached to that too, like \$1 million or \$2 million worth of business?

Hon. Mr. Walker: It was originally \$1 million and was raised to \$2 million.

Mr. Sweeney: So it is fewer than 100 employees, and less than \$2 million.

Mr. Chairman: Minister, you will have to repeat that in order for it to go on the record.

Hon. Mr. Walker: I have been advised by the past and current executive directors and chief executive officers of the Ontario Development Corp. that the process we have is a definition of small business being one with fewer than 100 employees. Incidentally, that is consistent with most organizations, CFIB being one of them, also the federal income tax department and the provincial income tax department.

Second, we have a measure of \$2 million in gross sales, a figure recently arrived at—it used to be \$1 million—as our definition of a small business.

That is just one. It does not include the fact that the Treasurer (Mr. F. S. Miller), in his budget of May, waived taxes of \$250 million relating to small business. So any small business, by that definition, again falls into a category of having to pay no corporate tax for a period of two years under that tax waiver. That is another thing that has been done for small business.

Mr. Wildman: A lot of them were not having to pay taxes anyway because they were not making any money.

Hon. Mr. Walker: That is true. You know the argument there was that the deal was to go with the winners and not the losers. That was the short of it. They could not fund all of them. It was a policy decision. It may be criticized—I happen to think it was a right decision—but that was the decision. In any case the fact is still there—\$250 million there plus \$60 million to the ODC people: 90 per cent of our ODC effort.

Third, we have so much involvement with small business that we have 45 top-notch consultants. You are not going to find many consultants the likes of these in many of the hot-shot commercial firms around the province that are as good as the consultants that we have, or who have as broad an experience or as many clients and customers as we have. Our 45 consultants are spread around the province. You mentioned two or three of them the other night. You mentioned Peter McGow, past manager Bob Halfnight and others, who have rendered Trojan service in your area.

Some of you in this room will identify with your own people in your own area, good solid consultants who render a service on an hourly basis throughout the province to firms that are in trouble.

Mr. Stokes: There are exceptions.

Hon. Mr. Walker: Yes, we are dealing with people; but by and large I would say we have 45 of the best consultants you are going to find. I

will match them with firms around the province like Woods Gordon and Touche Ross in terms of their abilities and what they accomplish. Those 45 consultants make 24,000 calls a year. That will give you some idea of the kind of service they are rendering.

Fourth, we have the small business development corporations that Revenue has set up, one of the smartest moves I think this government has ever made, one of the wisest investing moves. I do not suppose there is a person in this room who is critical of the SBDC concept. The failure rate is almost minuscule in the process. The success rate is majuscule. What has been accomplished is amazing.

We will match our small business development against the best they have in North America, maybe even in the world, in the process. There are others that might have some aspects better, but, generally speaking, the small business program we have is substantial. There was in that process absolutely no budget cut. The budget amount spent on the four programs the member talked about was \$771,000 for 1981-82. The budget for 1982-83, the year we are currently in, was \$1 million, so that is somewhat increased from the previous amount I mentioned. The committed amount for those four programs at the end of six months was \$852,000. That is why we sounded the alarm.

People regrettably confused that with our attempt to expand our service. We felt our service was not satisfactory to the 240,000 small businesses in this province. We felt we could provide a greater service. How do we get to 240,000 businesses when we are really only touching 600 with the Ontario Development Corp. and maybe another handful through these other programs that are minuscule by comparison? How do we get to those people? We wanted to get to them in the cheapest possible way we could.

I told the member in the House that day we worked out a bargain he should be proud of. We got a million dollars' worth of value for about the production cost of \$250,000. It covers six months. It communicates a message. We have a tape here. If the committee wants to hear a couple of clips from the tape, I would be glad to play those clips and members can form an opinion as to whether that provides a service. Do you want to hear a tape? It will take about two minutes to hear one tape.

Mr. Sweeney: I haven't heard one yet. How long have they been running?

Hon. Mr. Walker: You are like me; you are busy at the time they come on. You are not listening to the radio.

Mr. Sweeney: My car radio is on coming and going every day.

The committee heard an audio presentation.

9:30 p.m.

Hon. Mr. Walker: That is a sample topic, which happened to be Financial Management. You do not want to hear another one or two or three of those, but if you do we will play them. They include: Starting a Small Business; Sales Forecasting; Preparing Cash Flow Projection; How to Choose a Lender; Marketing; Managing Accounts Receivable. These programs started on October 4. They will run for 26 weeks. Rogers Radio produced and syndicated them. They are aired by 40 stations across the province. I think there would be no more than a handful of communities that are not reached by one of these radio stations. I am not saying we are going to reach everybody, but we will touch 77 per cent of the population. We hit 81 per cent of our manufacturing locations and 85 per cent of the rental services.

As I say, we have a million dollars' worth of actual publicity, because you have to consider that the publication of this particular message takes three minutes. All we paid for was the production of it, and the radio stations are doing it on the basis of their Canadian Radio-television and Telecommunications Commission commitment to provide a public service. There is nothing commercial about that process. I think the criticism people have is, "You are trying to inflate the minister or the ministry or the government." I think we simply get a service from that kind of thing. I hope that is the message. It is a six months' trial program. We will assess it at the end of six months.

The results we are reading, the messages we are getting—and remember you are going to supply me with a number of names of people who were complaining from your area; remember you promised to do that—are not complaints; rather, they are supportive. We are trying to increase and enlarge our service to more people than just 0.003 per cent of our potential constituents. We are trying to service as many people as we possibly can with something that provides a valuable return. History will judge whether it is a valuable return.

We happen to think that if people learn something about managing accounts receivable, about sales forecasting, about preparing a cash

flow projection, we have rendered an interesting and valuable service to the kind of constituents we as the critics or ministers of this particular field happen to reflect. We think we are on the right track.

We provide a real service, we think, to small business. You asked us how many small businesses we really help through the field office. In the member's own area, central west Ontario, which is the area governed by Mr. Donald Grant and people at the Kitchener office, there were 26,000 phone inquiries, 1,950 people walked into their office—this is in 1981-82—and they made something like 1,200 speeches and presentations from that one office alone in 1981-82.

With respect to advisory services you know about our pamphlets, Starting a Small Business in Ontario. Do you know that book has run out of about 40,000 copies? People had to write in for the book; that is how popular it was. Financial Planning Model, Marketing Consultants, all of these things. Small Business Management Development, SBMD: in 1980, 1,200 books were distributed.

So that is the kind of thing we are providing not to mention the assistance programs we have talked about. You heard on that first program about the university counselling service that works right out of Waterloo—you know about that and how valuable it is. We engage university students from the University of Waterloo, the University of Western Ontario and other universities in the province to render a consulting service with modest charge—with no charge. I think it is—to the industries receiving it; and have had half a dozen visits to my constituency office alone where people have been acting on the basis of a consultant's proposal.

So I think we are expanding our network and we are doing it in the most effective way. As I said, I think you should be congratulating us on what we have achieved on it rather than getting a little caught up in the aspect of it that perhaps was not known as readily as I have made it tonight.

Mr. Sweeney: If the radio stations had to meet the Canadian Radio-television and Telecommunications Commission requirements, that would suggest they would have done this anyway. Why did you have to put a quarter of a million dollars into it?

Hon. Mr. Walker: The production costs. Somebody has to prepare it, somebody has to say it, somebody has to write it and somebody has to peddle it through the system. Just producing 40 tapes a day is not an easy task. Forty tapes

day have to land on some radio editor's desk in advance of the day when they are required, and that is a process that we think is very valid. It works out to about \$1,000 a production, which generally speaking is not bad in the system, especially in view of the kind of coverage it is getting. You cannot do it for nothing. So we might have hired 10 or 20 people to accomplish the same task. I do not think that was the right thing to do.

Anyway, it is experimental. At the end of six months come back and tell us what your constituents think of it. Your constituents might have made some comment to you within a day of the start of it.

Mr. Sweeney: Quite frankly, the point I was making before, and I will repeat it, is that they were upset at hearing on the one hand that direct funding to them was "being cut off"—

Hon. Mr. Walker: Which is in error.

Mr. Sweeney: —and on the other hand, within days they read that roughly an equivalent amount of money is being put into an advertising program. I do not think it is difficult to understand that kind of reaction.

Hon. Mr. Walker: But you have to admit it was an error of perception on their part.

Mr. Sweeney: There has to have been a time, and I am guessing it was about three to four months, when you were doing your reassessing. There have to have been a certain number of businesses that could have been helped but were not. I do not know whether you have had an opportunity to have your people go back and look at the number of applications you had for this money that were not filled over roughly a three or four-month period and what the net effect was on those businesses. Is there any evidence that some businesses went under during that period of time that could have been saved? I do not know.

Hon. Mr. Walker: I cannot identify that, but I can tell you that you are advocating that we ignore our budgeted amount and spend more than we have budgeted for. That is what you are advocating.

Mr. Sweeney: No, I am not.
4:40 p.m.

Hon. Mr. Walker: I think we were being responsible in suspending them at the time. We did not cut them off. Not only did we not cut them off, they were funded for more than they had been the year before. Indeed, they had spent more by the end of six months than they

had in the entire year before. So it is not a case of cutting off.

Mr. Sweeney: But the minister is as aware as I am that the quotes in the media coming from officials in his ministry—they were in quotation marks, so I assume that the quotes were correct—were that the program was suspended. That was the gist of the comments.

Hon. Mr. Walker: Suspended is accurate, but you keep using the phrase "cut off."

Mr. Sweeney: Well, cut off, suspended, whatever it is. In other words, it is not there any more.

Hon. Mr. Walker: I think it is a case of people reading into it more than was there. Whatever the case, you now know the facts and, knowing the facts, you would not be led to the same degree of criticism, probably. You were basing yours on the information you had.

Mr. Sweeney: I am certainly not critical if in fact the total allotment is going to be put out. Certainly I am not indicating that you should put money into it that you do not have.

The basis of the criticism was twofold: first, that the program was seemingly short-circuited; and second, that money that could have been used to complete it seemed to have been used for something else. In the interval there were businesses out there that obviously needed assistance—I would have to go on the assumption that most of them are not asking for it if they do not need it—that are not getting it, and to this day I do not know whether your ministry has kept any record of what happened to some of those businesses.

Hon. Mr. Walker: But you will admit to us, I am sure, that you innocently were in error as to the facts. It is not your fault, but there was an error in detail that you had, which I think has now been corrected in your mind. I cannot tell you about the industries out there that may or may not have gone under. The types of programs were such that they did not quite mean the difference between going under and not going under. They tended to relate to whether they had a productivity study or something along that line. They were not oriented towards the other things.

For instance, one was the program to encourage product and process innovation; others were the product development management program, the technical assessment and planning program and the promotional aids marketing program. So they were not what one would normally read as a going-under type of program.

They were not survival funds, if I can put that kind of phrase on it. They tended to relate to the future. If anything, the effect, to the extent that there was any effect, might have been felt two years from now; it would not be felt in the last three months.

During the eight weeks that it was cut off—in your terms, “suspended” in our terms—I do not think we lost any firms as a result of the denial of any of those programs. Indeed, the ones that applied for it probably have been approved by now, so “resurrected” might be the case.

You did mention there appears to be a concentration of Ministry of Industry and Trade efforts on medium- to large-sized business. In answer to that I can say that we recently surveyed our client group to ascertain the profile, and here they are: Client group in terms of percentage manpower allocation: large, 13 per cent; medium, 33 per cent; small, 54 per cent. Ownership: Canadian, 82 per cent. Type: manufacturer, 67 per cent. I think that gives you some assessment of whether we are relating to large-sized business.

Mr. Sweeney: Is that in all programs? Is that an overview of all your programming or of a specific—

Hon. Mr. Walker: My answer is yes. I am looking for a bunch of nodding heads—and I see them—by the people who should be nodding, and my answer on that continues to be “yes.”

Mr. Sweeney: Mr. Minister, is it the division of industry that is represented by that profile?

Hon. Mr. Walker: Yes. Industry was our division; it was not trade, technology or tourism.

Next question: I answered the question of whether there was much duplication between the Ontario and the federal small business assistance programs by simply saying that they are complementary and often jointly co-operative ventures. I think I have gone into that enough.

What is the Ministry of Industry and Trade doing to ensure that payroll taxes are not becoming an increasing burden to the province's business sector? I answered that by saying we recognize that escalating payroll taxes, unemployment insurance, Ontario health insurance plan and workmen's compensation premiums have been escalating and increase the cost of doing business in Ontario. We will continue to play an advocacy role in support of Ontario industry to keep payroll taxes to a minimum to ensure the promotion of investment and economic growth in this province. We tend to act as the advocates on it.

Mr. Sweeney: Can we be a little specific there? The comments I directed to you were the result of a survey which the Treasurer had set out requesting reaction, and the reaction was mostly from small business. To what extent are you involved in the analysis of that survey and what extent is your input sufficient to motivate the Treasurer?

Hon. Mr. Walker: The question you are asking is whether we have been successful in some cases we have been successful. We have a number of notches on my holster that relate to those particular successful ones, but we have not always been.

Mr. Sweeney: Can you tell us whether the Treasurer has made a decision as to going the payroll tax route, or has that decision been made yet?

Hon. Mr. Walker: That is something you would have to ask him. If I knew, I would not tell you that. I would end up having to resign my job. I am sure. These are things that fall within his domain and tend to be the subject of a budget. There is to be comment made on them on budget. I have no answer one way or the other on that question. Whether a decision has been made or not, I have no knowledge of that. You have to await the budget like you do.

What information does the minister have to support the claim that the economic outlook is improving? I mentioned a couple of those things last time. The November 1982 forecast of the Ontario economy by the Conference Board of Canada shows a number of economic indicators and conditions that point to a greater stability in the economy and a more favourable outlook. The conference board have to be the most cautious people in the world. They say:

“It appears that a sustained albeit slow recovery in overall provincial output has indeed begun. The 1.8 per cent gain in real domestic production forecast for 1983 will represent a small achievement in light of the damage inflicted by the 1981-82 recession,” which you know was a minus four per cent situation; so it is substantial growth.

“Industrial production: The US Department of Commerce noted on November 16, 1982, that Canada and Japan were notable exceptions; industrial production declined in major western countries in August. Canadian industrial production, which had been failing for almost a year, rose by 2.6 per cent in August. The Japanese registered a gain of only 0.1 per cent.

“Inflation: Consumer prices have eased from

average annual rate of 12.5 per cent in 1981—that is what it was a year ago—to an annual rate of 10 per cent in October of 1982. The conference board forecasts a further decline to a rate of 7.7 per cent in 1983 and 5.2 per cent in 1984.” That too is one of the ways we will become cheapest, best and first in the world with our products.

Mr. Sweeney: I remind the minister that when the question was put to the Premier (Mr. Davis) in the House with respect to conference board predictions, he was, to put it mildly, very negative in terms of his dependence or his confidence in them.

Hon. Mr. Walker: He is absolutely right, as he always is.

Mr. Sweeney: Why would you choose to use them as your source then?

Hon. Mr. Walker: I qualified it by saying, “You know how cautious they are.” I was going to say how conservative they are in terms of prediction. Their caution is renowned; if anything, they understate the situation. The Premier was quite right when he said he looks askance at their kind of figures when the conference board predicts at a rate of 7.7 in 1983 and 5.2 in 1984. I think most of us feel it will be somewhat lower than that, and the Premier was looking askance at that and properly so. There is no discredit to what he is saying and no discredit to what I am saying, as I am sure you have gathered.

Mr. Sweeney: That is what I call playing both sides of the fence.

50 p.m.

Hon. Mr. Walker: “Interest rates: The prime rate on business loans declined from 1982 highs of 18.25 per cent in July to 13 per cent early in November.” National Trust has just come out with a one-year house mortgage with an interest rate of 12.75 per cent. They are the first ones to break the 13 per cent barrier. I said in Timmins, “May that we were going to have a 14 per cent rate of interest. Back then I was laughed out of town for having said it. I said we were going to have it by fall and we have it. So I take some pride in having offered the perfect prognosis.”

Mr. Sweeney: With a little bit of luck.

Hon. Mr. Walker: As a matter of fact, the conference board has attempted to retain me now to do most of their prognostications.

Mr. G. I. Miller: What is the spring prediction?

Hon. Mr. Walker: I think it will be somewhat lower. Moving on to the next question—

Mr. Wildman: Some people are concerned that in February or March we may see another rise.

Hon. Mr. Walker: Yes. Fortunately, there are some who do not have that concern.

Moving on to the next question: What has Ontario's performance been in improving manufacturing value added over the past decade? Let me answer that by saying that over the decade, Ontario's manufacturing value added grew at an average annual rate of nearly 12 per cent, significantly above the rate of inflation. Over the decade, value added per manufacturing employee in Ontario has consistently exceeded the national average. In addition, four industries—food and beverages, textiles, clothing and furniture and fixtures—experienced more rapid growth in manufacturing value added per employee in Ontario than they did nationally over the past decade.

In six of nine sectors where Ontario experienced faster growth in manufacturing employment than Canada over the past decade, Ontario also outpaced the nation in terms of manufacturing value added growth: textiles, knitting mills, clothing, furniture and fixtures, electrical products, petroleum and coal products.

Mr. Wildman: In some cases the demand has grown faster than we have been able to grow in our production.

Hon. Mr. Walker: That is probably the case, but I would rather be faced with that kind of problem than some of what we have faced in the last year.

The member for Algoma (Mr. Wildman) raised a question about import replacement. Issues were raised with respect to import replacement and the need for government programs to increase such activities as against the encouragement of foreign investment, which already is a dominant factor in the Ontario economy.

Here is what we are doing. We are encouraging product development that has a market potential in the domestic and international market. Witness just one aspect: the technology centres.

Second, we are focusing on immediate and long-term opportunities for product development covering products that are not currently imported but will be required in the future, attempting to forecast what we will need in advance.

I was at a breakfast meeting this morning for that very purpose: to try to tell what we will need 12 months from now so we can start the

process now to produce what we will need. The Minister of Government Services (Mr. Wiseman) called the meeting for government procurement purposes. He had about eight or 10 of his people there from a procuring point of view.

Third, we are establishing the tech centres, as I mentioned, to achieve world-class product development.

Fourth, we are encouraging global product mandating of the multinational companies. I could not help noticing that Mr. Wildman was casting some aspersions on global product mandating, and I cannot let that go.

Mr. Wildman: I was just quoting Mr. Meskino.

Hon. Mr. Walker: I can produce for you 16 pages of foolscap with 11 names of companies on each page that tell about Ontario manufacturing subsidiaries that have global product mandating. I will just touch on one or two here.

We might take a look at some of the accomplishments in central Ontario, since global product mandating was also raised by the member for Kitchener-Wilmot (Mr. Sweeney). Allis-Chalmers in Guelph, slurry pumps; Dayton-Walther Co. in Guelph, lorry truck and tractor parts; Euclid Canada, off-highway loaders; Engo Canada Ltd. in Guelph, injected moulding machinery; Hart Chemical Ltd. in Guelph, specialty chemical products; International Malleable Iron Co., Guelph, iron castings; Kearney-National Canada Ltd., Guelph, electrical switches and fuses; Omark Canada Ltd., Guelph, chain saw components; Rockwell International in Guelph, stationary work product power tools; Tampo Manufacturing in Guelph, compactors.

Mr. Sweeney: You must be going after the Guelph riding.

Hon. Mr. Walker: Yes. There is even Budd Canada in your own riding, car and truck frames product mandating.

The process is there. I can go through a variety of ones that accomplished precisely what you are saying. They are doing it voluntarily in many cases. We have the mandating committee, which is working very well. Jason Mandlowitz, the fellow from the Canadian Federation of Independent Business, is on the committee. It is chaired by the vice-president of Xerox.

Mr. Sweeney: I assume you are referring to world product mandating.

Hon. Mr. Walker: Yes, global products: In Waterloo, Faultless-Doerner, office furniture components and castors; elsewhere we have Hauserman Ltd., Sunar Division, office furni-

ture systems; Raytheon Canada, radar communications equipment; Dresser, auto parts.

There are any number of ones. If we go to northern Ontario, we do not have the same degree of penetration, but we are making substantial efforts and succeeding. I will mention a couple. There is Craig Bit up in North Bay which has mining drilling equipment. In Elliot Lake, there is Elliot Rubber and Plastic Ltd. My parliamentary assistant has told me frequently of their successes there in rubber and plastic hoses and pump components. Elliot Rubber and Plastic is a subsidiary of Allis-Chalmers in Milwaukee.

There are all those firms I have mentioned. I can give you 16 pages listing the firms that have done it. That is not bad. A lot of firms are making a lot of effort. Keep in mind that while we have 14,000 manufacturers in Ontario, not every one is a foreign-owned company. We are probably looking at only 15 per cent that are foreign-owned. We are making substantial progress.

Mr. Sweeney: They are the biggest ones though, unfortunately.

Hon. Mr. Walker: No doubt there are some big ones, such as Westinghouse, that have some substantial global mandating. Look at the ad for Westinghouse one finds in the Globe and Mail these days talking about global product mandating. It is not the essence of which news is made, but the successes are replete. No one is going to list all the companies doing it. Maybe we should take an ad out some time and list all the companies doing it. Perhaps it would be useful to act as an example to people. With your suggestion, maybe we will consider that.

Mr. Sweeney: Let the record show we did not suggest it.

Mr. Wildman: Send a list to all the members. It would be a lot cheaper.

Hon. Mr. Walker: In terms of import replacement, we are actively pursuing the development of Canadian products and capabilities through joint ventures in licensing, which is another way of accomplishing that. There is example after example of these things.

The member for Kitchener-Wilmot asked if it was true that MIT does not assist potential foreign investors to obtain Foreign Investment Review Agency approval. In general, little effort is being made to attract foreign investment; that was the observation which the member made.

Through our foreign investment advisory group we act as a liaison with FIRA: first by

sisting individual corporate investors on the most effective approaches to FIRA on problem solution and economic and legal requirements while ensuring that Ontario's policies and objectives are met; second we ensure overall that responsible international investment is encouraged and welcomed at all levels of government. We have grouped our organizations together into the investor advisory services group. The organizations we have come together under that and they provide a thrust to encourage foreign investment.

I know there are some differences of opinion, but foreign investment has provided us with the standard of living we have grown accustomed to. There is not enough money in this country to provide the investment we need. It is very valuable to us.

p.m.

The next question is—

Mr. Sweeney: Excuse me.

Hon. Mr. Walker: I thought that might stop you.

Mr. Sweeney: To what extent do you encourage investment that does not necessarily tie up limit ownership?

Hon. Mr. Walker: What do you mean?

Mr. Sweeney: Let me put it this way. I would not quarrel with you if non-Canadians wanted to invest in this country and get a return on their investment. Where we probably would differ would be when that investment means ownership of Canadian enterprises and direction of those enterprises in a way that is not necessarily always in the best interests of Canada or Ontario. It is that distinction.

I guess I am asking you two questions. First, philosophically, where do you stand in that distinction; and second, what, if anything, do you do about it?

Hon. Mr. Walker: I am not sure I fully appreciate the question.

Mr. Sweeney: Let me put it this way. I can come in and say: "I want to invest \$50,000 in your company. I want to buy a certain number of stocks, and all I am interested in is getting a return on my investment. I do not want to own that business. I do not want to run that business." The other kind of investment is when people come here and take over companies or move into a certain segment of the industry and become a dominant player there. It is a different kind of investment altogether. To what extent do you make any distinction between those? To

what extent do you do anything to try to encourage the former but not the latter?

Hon. Mr. Walker: If it is the kind that is not taking full ownership, that does not become a question the Foreign Investment Review Agency entertains.

If it is one that FIRA entertains then, of course, it must be for the beneficial aspects of Canada. Listed in the newspaper today are 29 out of 32 proposals submitted that have been approved by FIRA. That is happening on a fairly regular basis.

We allow the Foreign Investment Review Agency to make its decisions. The opinion of the province is sought, of course. We have a FIRA division of about six professional people who render opinions on each application. Generally speaking, we are there to help and that is why we call it the investor advisory services group. It is there to lend assistance and to help people get through, help them see how they can comply with the requirements of Canada. We try to show foreign investors how, by taking certain approaches, they will comply with the act because they will, by their actions, render a service to the country and be considered acceptable by FIRA.

I guess we act as the go-betweens, the midwives, to bring about the occurrence. We obviously offer an opinion on a variety of them. I am bound by law as it relates to what I can or cannot say with respect to any single application, under penalty of the Criminal Code, actually.

I cannot get into specific cases but I can tell you we are relatively supportive because we try to mould or train the potential investor in a way that meets the requirements.

Our biggest criticism of FIRA invariably has been one of taking too darned long to make a decision. We have seldom criticized the decision, but we have invariably been upset by the length of time it takes for a decision to be made.

The average was nine months. When I started this job, the average then was nine months. Mr. Lumley has taken over the Foreign Investment Review Agency functions and has severely trimmed the time taken. A new official is in charge and I think they have new instructions on how to proceed. It is still turning down the same number and approving the same number. It approves basically 95 per cent. Now it is doing it in a timely way. Up until now it was doing it in an untimely way.

If you were a foreign investor who decided to buy an operation, made application to the Foreign Investment Review Agency, and it took

nine months for the decision to be made, your interest in that company would likely have diminished dramatically in that time, because of your own financing, because of the fact that the interest rate may have gone up or down dramatically and altered the picture.

I liken it to someone buying a house. Would you ever have purchased a house with a nine-month closing date? Not likely. You would be lucky to have a 60-day closing date. If they can get their decision out within six or eight weeks, they are doing a service. They now seem to be doing a service. If necessary, we will run a thing through in four days. We will do the processing. The federal government use our preparations almost totally. We can do it in four or five days if we have to.

Mr. Sweeney: Do you disagree with any of their criteria?

Hon. Mr. Walker: I tend to be more interested and more supportive of foreign investments than I think the people who ran FIRA in the past have been.

Mr. Sweeney: We discussed about four or five key criteria, and I believe I made the observation that I read in one of your speeches almost identical criteria. Where is the difference?

Hon. Mr. Walker: The difference, almost invariably, is one of timing, and the process. We have always complained about the processing. I always criticized the trouble we had from the international perception of us. Now perception is reality. I do not know how many times we have heard that. The public internationally perceive us in a way that is not beneficial to Canadians. The national energy program and a few other things have created the problem. These are the things that make headlines elsewhere.

In the Saudi Arabian situation, that particular case is creating editorials and headlines in Saudi Arabia and doing irreparable damage to us over there. Regardless of the case and regardless of what the situation there is, we have been trying to open avenues with Saudia Arabia with some success. I met with the Minister of Commerce, Sheikh Solaim, who came to see me in the summer. We met and opened some avenues.

Jack Young, your friend from Kitchener, came back just six days ago from Saudia Arabia with some glowing reports on the way things were going. Of course, this other little problem is creating some difficulty there for our image, as you can see and appreciate in the comments I

made in the House last Friday relating to the whole issue.

We do not criticize anyone who may wish to invest in our country, whether it be in minority interests, majority interests or straight investment, whatever the case may be. We do not criticize these people. We say, more power to them. We want to have investment. We are starting to replace some of the investment that Mr. Trudeau has run out of the country and pouring down into the United States. I think we have to replace some of that.

Mr. Sweeney: Given some of the very bad experiences we have had with people who have cut and run when things get a little bit tough with rather disastrous consequences for employment and for our economy, what limitations do you have in certain key areas of the economy and certain key industries?

Hon. Mr. Walker: There are natural limitations—

Mr. Sweeney: Do you have any limitations at all?

Hon. Mr. Walker: Sure. There is banking, which is a federal situation. The investment in houses, loan and trust, is provincial. There is a limitation that 10 per cent of the shares be owned by foreign nationals. So there are some limitations.

Mr. Sweeney: That is federal.

Hon. Mr. Walker: Loan and trust is provincial, and one or two other things that escape my memory at the moment.

Foreign-controlled firms are not over-represented in Ontario closures, if that is what you mean by the cut and run process. If you are talking about closures, where they retire to their foreign base, I admit to you that there are pluses and minuses to foreign investment. There can not help but be. There is bound to be some aspect of extraterritoriality and some cut and run.

On the other hand, there is an immense value that we have. Kitchener is probably 40 per cent founded on the basis of foreign investment. Stratford is 25 miles away from you. Stratford has 18 foreign-based firms out of its 24, mostly Ohio based, although a fair number are international, from Belgium, Germany, etc.

10:10 p.m.

When the new Belgium carpet manufacturing company that was approved by FIRA after immense encouragement from certain provincial centres opens in Stratford and 55 people

ake on their jobs—in fact, I think it is higher than 55; it may be 155—those people are not going to concern themselves too much with the isoteric argument that we should not have foreign investment. They are going to think of the fact that they are taking home \$18,000 now and that is allowing them to buy the groceries and other Canadian-made goods.

There are some good and bad aspects. I recognize that. I grant you there are some tradeoffs in the whole process. I simply say, because of foreign investment, we are better off. The important thing is that we look at what foreign investors are doing in terms of their contribution to society and of their value as corporate citizens. I think we should be giving a foreign corporation corporate citizenship status after it has been in this country for a certain period of time and has adhered to certain responsibilities.

I can tell you of some foreign-controlled companies that go back to 1923. They have been on the United Appeal. They have been involved in all the community organizations. They are as good as any you will find, and maybe even better than some Canadian ones. Those firms, after a few years, should be granted special corporate citizenship that gives them certain rights.

Mr. Stokes: Like doing their own research and development and global product mandating. Those kinds of criteria?

Hon. Mr. Walker: Those kinds of criteria precisely. That is why we are pushing global product mandating. That is why we are pushing R and D. Sure, it is easy for them to repose R and D in a foreign country. That is the part I dislike most about some of our foreign nationals. I do not dislike it so much when we start talking about the value in terms of jobs that carpet company in Stratford will mean to 155 people who will suddenly be able to earn money they previously could not. These will be new jobs. Somehow or another, they will create new jobs in the process.

Mr. Wildman: Surely this misses the whole point of the initial comment you made, which led to this rather interesting little exchange. That is your statement that there just is not enough investment capital in this country. Is it not also true that a very large percentage of the foreign takeovers in this country have been financed with Canadian capital, largely through the Canadian banking system?

Hon. Mr. Walker: There is a certain amount of that.

Mr. Wildman: There is a good percentage of it, a very high percentage of it.

Hon. Mr. Walker: I do not know what it would be. Four or five per cent?

Mr. Wildman: It is much more than that.

Hon. Mr. Walker: I would be interested in knowing the figures. That would be my guess, but I would be interested in your assessment of it.

Mr. Wildman: Far more, in excess of 50 per cent.

Hon. Mr. Walker: My overall point is that the foreign-controlled firms are not overrepresented in the Ontario closures.

Mr. Wildman: Do you have any numbers you would give as limits in various sectors? For instance, if certain resource industries were 80 to 90 per cent foreign owned, would that be too high? Do you have any of those kinds of percentage figures in mind? Is 100 per cent okay as long as they act as what you consider to be good corporate citizens?

Hon. Mr. Walker: In Ontario in 1981, there were 81 establishments that closed. Foreign-owned represented 23, and Canadian-owned represented 58.

Mr. Wildman: You are not answering my question. You do not have any number above which you consider a foreign presence to be too great in a particular sector.

Hon. Mr. Walker: Yes, if you are asking me whether I am concerned. In the chemical industry and a few places such as that, even in the automobile industry, although there is a sort of common market there. There is no doubt I have some areas of concern. I would prefer to have lower domination. Indeed, I would prefer to have all-Canadian ownership, but what I would prefer and what we have are vastly different. Second, what I would prefer and what we are capable of having, either in the future or historically what we have had, are vastly different as well.

Mr. Wildman: You are the pessimist. I am the optimist. You are such a defeatist on this issue.

Hon. Mr. Walker: Defeatist?

Mr. Wildman: Yes, you just do not think Canadians can make it.

Hon. Mr. Walker: There is just not enough money.

Mr. Sweeney: What are you doing to encourage Canadian money that is going out of this country to stay here?

Mr. Stokes: One figure I saw was in excess of \$30 billion.

Hon. Mr. Walker: I think it was \$30 billion last year. We are wringing our hands in desperation because—

Mr. Sweeney: That is not quite enough though.

Hon. Mr. Walker: No. I do not know of a solution. I want you to tell me a solution. Remember that we are not the federal government. We have not created the tax situation that causes investors to flee the country. We are responsible for one or two things. One might say there are some aspects of provincial control that might cause some flight capital, but generally speaking we cannot control the federal government in terms of what they are doing about the flight capital. What we can do is attract flight capital from other countries that are more unattractive than Canada to come in, so we do that to balance it off. There is some value that comes from that.

Interjection.

Hon. Mr. Walker: Sure, whether it comes from Hong Kong or anywhere else, I will tell you right now I am after flight capital. I will go to any place where there is any company that wants to take its money from that country and move it into here and put it to work creating jobs here in Ontario. I will do that in a minute. Please be assured that one thing we are trying to do is to balance off—

Mr. Sweeney: Do you not appreciate how vulnerable that leaves you?

Hon. Mr. Walker: Tell me a solution to the problem.

Mr. Sweeney: Both Mr. Wildman and I have tried to make the point. There has to be a limit to how vulnerable you are prepared to see Ontario industry. I have yet to hear—and I do not think you responded to Mr. Wildman either—what your limit of vulnerability is. I guess that is what it is.

Hon. Mr. Walker: What is your view of vulnerability? What is your percentage figure of domination?

Mr. Sweeney: I would not think in any of our key industries they should have more than—I will pick a figure out of the air—40 per cent maximum. We would have at least 60 per cent control of any key industry, any one. I am picking figures at random. I need more time to

think about it, but that would be off the top. Were I in your position, every time one of those came in I would look at it. I would examine them one by one by one, and say, "We have reached the point where we cannot afford to be more vulnerable in that area."

Hon. Mr. Walker: Would you say that with the unemployment rate we have, when you know what is happening and that investment creates 602 jobs?

Mr. Wildman: Surely one of the reasons for the unemployment rate is the very fact of foreign domination in the economy in the past.

Hon. Mr. Walker: That is your opinion, but not mine. One of the reasons our employment as high is that we have a certain amount of foreign investment. Domination only occurs in some areas, but we do not have that many companies that are foreign dominated. For instance, of our manufacturing base of 14,500 the number of foreign-controlled firms would be about 2,500—I am looking for a figure from some of my officials here.

Mr. Sweeney: Surely you appreciate that the number of firms is not necessarily the critical figure, but the total value of all of those firms. If 70 per cent of your firms represent only 20 per cent of your total business, then that is not the key figure. I am just picking those figures at random too.

Hon. Mr. Walker: I will tell you this, a job is a job. A pretty simple statement that simply says, if I can find some jobs as a result of foreign investment, you have to bet that I am awfully interested in getting it and I am going to do everything I can to land it. Right now, jobs are uppermost, and foreign investment does not cause jobs. It just does not cause jobs.

Mr. Sweeney: Please repeat that. I do not understand.

Hon. Mr. Walker: It does not cause jobs.

Mr. Sweeney: Foreign investment does not cause jobs?

Hon. Mr. Walker: Does not cost jobs; I am sorry, does not cost jobs.

Mr. Wildman: But importation of R and D and technology from abroad does. If that is related to foreign investment, then the two are tied together.

Hon. Mr. Walker: Au contraire. I think one could say that the importation of R and D has caused us to develop industries here that would not otherwise be developed. Therefore, any of the people employed in them must be net new

bs. What it does cost, though, is somebody to do the R and D. There is no question that we do not have those people doing R and D, but what we do have those people doing is the technology transfer. We look at our R and D figures nationwide and we say in Canada, or in Ontario, we do only 1.5 per cent or two per cent.

10:20 p.m.

Mr. Sweeney: It is 0.9 per cent of our gross product.

Hon. Mr. Walker: That depends. Ontario is somewhat higher. We are 1.5 per cent in Ontario.

Mr. Stokes: It is still lousy.

Hon. Mr. Walker: Yes, I agree. But the one thing it does not take into account is that we get instant technology transfer because of some foreign investment. The firm, overnight, has something from Budd Automotive in Troy, Michigan, or for that matter Germany; into Michener, Ontario, there to develop that product, overnight. Now it might take years to develop. It may never be developed. So that is the kind of process—

Mr. Wildman: So they also may be importing the parts and so on and we are just assembling them here.

Hon. Mr. Walker: That is an important thing for us to try and encourage or discourage otherwise. Discourage period, and then encourage otherwise; but we get the benefit of multinational firms. A multinational firm may be nothing more than a firm with a subsidiary here; but we get the benefit of technology, we get the benefit of capital access and we get the benefit of marketing access.

As I say, sure there are some drawbacks; but overall the pluses far, far—like a thousand times over in my mind—far outweigh the drawbacks that might come from it. That is the key thing. As I say, a job is a job is a job. In terms of firms, 15 per cent of the firms in Ontario are foreign owned. So that gives you some impression. There are about 2,000 of our firms that are foreign owned. As I say, they are not over-represented in terms of our closures.

Mr. G. I. Miller: What is the size of employment in those 16 per cent?

Hon. Mr. Walker: I can ultimately get to that, but I can't give you that at the moment.

Mr. Sweeney: Would you also, while you are looking at that little point, tell me the degree to which the record shows that foreign-owned firms import proportionately more than Canadian-owned firms?

Hon. Mr. Walker: We do not have the figures. I would guess there is probably an inclination to import more, simply because sometimes they have foreign nationals running the local firm. They happen to know what it was like back in Canton, Ohio. They know some of the firms and sometimes there is some distribution. Sometimes there are some in-house deals. Those are the things we are trying to reverse through the aspect of global product mandating. As I say, we are interested in the behaviour of the firm here. Tell me if you are not interested in their behaviour more than anything? That is the key thing. Isn't that really the key thing, not what their parentage is?

Mr. Wildman: Does your 16 per cent figure include foreign controlled, or is that just wholly owned or majority owned? Inco is a Canadian company but it is foreign controlled.

Hon. Mr. Walker: I will have to go back to my figures and look for sure. I think you have some idea at least of the percentage figures and it gives you some handle on it, but I will have to look that one up. I have a number of questions, maybe this is a good spot to break. The rest of the matters I have to answer can be answered in other votes and if you want to vote now on industry, I suppose now is an opportune time.

Mr. Sweeney: I had a couple of short, hopefully quick, questions before we pass that one. Can we pick it up tomorrow morning please?

Hon. Mr. Walker: Why don't you ask them now?

Mr. Wildman: Sorry, I did not hear.

Mr. Sweeney: I gather the minister is suggesting we pass vote 2202, if he is talking of industry.

Hon. Mr. Walker: I am just doing what you said you were going to do the other night. I thought I was adhering to your rules and not my rules.

Mr. Sweeney: But I suspect the minister would also appreciate that it was not anticipated that we would spend as much time on—

Hon. Mr. Walker: On your question.

Mr. Sweeney: Whatever.

Mr. Chairman: Vote 2201 has not been carried. Do you want to carry it?

Mr. Sweeney: Excuse me, I have a question or two on technology centres. Can I ask them under 2201?

Mr. Chairman: Sure.

Mr. Sweeney: That is my only concern.

Mr. Wildman: I have one question, a short one, in regard to your figures on the first vote. I may be misreading it but it seems to me there is a substantial increase in the total moneys being voted on administration. Is that a fair assessment? If so, what is the reason?

Hon. Mr. Walker: The whole ministry changed in February of this year with the government reorganization of the ministry. Tourism moved off to create a new ministry and trade was then enhanced. Tech centres came aboard. What you are seeing is the cost of bringing on board all of the tech centres and you just do not develop six factories overnight. It takes some time to have that accomplished. You are seeing some enhanced trade activity. The Premier had directed us to take trade out from being a pocket within industry and make it a package equal to industry.

Mr. Wildman: What I am really asking, I suppose, is how to read these figures. For instance, I am looking at the estimate figures on page 2 of the briefing book.

Hon. Mr. Walker: What vote, please?

Mr. Wildman: I am looking at the overall summary of all the ministry figures and am trying to determine the percentage. It looks to me as though your ministry administration has gone from about \$5 million to a little over \$7 million. Industry has gone from about \$16.5 million to not very much greater, a little over \$17 million. Trade, which you just mentioned, has gone from about \$10.5 million to about \$11.5 million. Industrial incentives and development has dropped from \$68 million in last year's estimates to \$66 million this year.

What I am really asking is, why the great increase from about \$5 million to over \$7 million in administration, with the rather modest increases in the other areas and a drop in industrial incentives and development?

Hon. Mr. Walker: My deputy is advising me. In fact, maybe he would respond to that rather than have me repeat it.

Mr. Ostry: Mr. Chairman, before the reorganization, there was a division of information and communications which was folded in under the administration, so you have information support services. You really have two divisions. The total amount of money is almost identical to what it was last year. The minister has just mentioned that there are three pieces to it where there was one before.

Mr. Wildman: The total amount of money goes from what, \$100 million to—

Mr. Ostry: It goes from \$5 million to \$7 million, which is the number you were concerned about. That difference has to do with the tech centres and folding in information.

Mr. Wildman: I see.

Hon. Mr. Walker: Our 1981-82 estimates, \$99,759,000; 1982-83, \$101,915,000. So you are looking at a two per cent increase.

Mr. Wildman: Okay. I was just trying to determine how to read the figures.

Mr. Chairman: This actually is the last shot at the tech centres. How long are you going to be, Mr. Sweeney?

Mr. Sweeney: I am sorry, I thought I had a report with me but I do not. I will put it to the minister and if he does not have the answer now, perhaps he can get it tomorrow. In the September 30, 1982, Treasury report there was a figure for industry of \$74 million. I could not figure out what it was for.

Hon. Mr. Walker: Say that again?

Mr. Sweeney: There was a figure in the September 30, 1982, Treasury update, their update for the quarter, of \$74 million.

Hon. Mr. Walker: You voted for Massey. It came through pursuant to your vote in 1980.

Mr. Sweeney: Okay. It was just such a large figure compared with your total budget and I did not know what it was for.

Hon. Mr. Walker: It is in Treasury. It had to be stuck somewhere. We were the beneficiaries of that goodwill.

Mr. Sweeney: So you got a 75 per cent increase in your budget overnight.

Mr. Wildman: Largely.

Hon. Mr. Walker: I do not want technology centres to die—

Mr. Sweeney: I am assuming I have the right to ask questions on technology centres tomorrow.

Mr. Wildman: I sure hope we can get some answers on that question.

Mr. Chairman: Let us leave the votes; it is 10:30.

Hon. Mr. Walker: I will continue on. This is an area of interest and I appreciate the feelings.

The committee adjourned at 10:30 p.m.

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Ontario, LEGISLATIVE ASSEMBLY

No. R-32

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Industry and Trade



Second Session, Thirty-Second Parliament
Wednesday, November 24, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, November 24, 1982

The committee met at 10:11 a.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE (continued)

On vote 2201, ministry administration program:

Mr. Chairman: I will call the meeting to order.

Hon. Mr. Walker: I want you to know, Mr. Chairman, I have brought something better than hats today; Ontario peanuts, one package for each table. You can distribute those.

Interjections.

Hon. Mr. Walker: I have a little local produce for everybody. These are Ontario-grown peanuts. I serve those in my office in lieu of coffee and I have them on display at all times. There are other Ontario products I would like to have on display and serve; but we feel it would not be keeping, so we allow those to come in. We get a lot of interest expressed by a lot of people who just cannot believe that peanuts are produced here in Ontario. It is something that they think just does not happen in this province and yet it does. They are very good peanuts and I rather enjoy them.

The Ontario Development Corp. has been involved in that and in the St. Jacobs outlet, I think, so there is a little bit of local produce available.

Mr. Sweeney: Mr. Chairman, when we left last night, I had indicated I was interested in asking a couple of questions and getting some information on the technology centres. That is why I asked you to delay the vote on 2201.

My main interest is in getting a brief overview of precisely what is being done at each of these centres. By that, I mean what kind of personnel do they have? For example, are they consultants or are they researchers? What kind of physical setup do they have? Is it simply an office, is it a research centre or is it a demonstration centre? To what extent does any training go on there? To what extent are there actual demonstrations going on as opposed to people going out in the field?

If I can give you two points: I have been told by a couple of businessmen in the Kitchener-

Waterloo area that as far as they understand, your computer-aided design/computer-aided manufacturing centre in Cambridge is nothing more than an office with a group of consultants with briefcases. Nothing else is there and nothing more is planned for it. That may or may not be true. Let us find out.

The second point I brought to the minister's attention a couple of times is this: At one time there was a great deal of ballyhoo about a biotech centre in Mississauga. I still read about it from time to time but it seems to have been dropped from the preferred list. What is the status of that one?

At least for my information, could we get a brief rundown of exactly what is at these centres or what is proposed to be at them and what exactly are they going to do? I have all the other announcements. I have quite a file on the tech centres, but quite frankly, the announcements do not answer those questions, at least not in a way that makes sense to me.

Mr. Wildman: Just before the minister responds, I would like to add to that. In terms of personnel, could you tell us where they are coming from and something about their backgrounds?

I find it interesting that in the briefing book there are only three lines on the technology centre co-ordination.

Hon. Mr. Walker: Let me begin with the six technology centres; maybe even seven. The seventh is Allelix which is the biotechnology centre at Mississauga. That is a joint partnership. It is a different kind of relationship than we have with the other six. It is a partnership of equity participation by this province with the Canada Development Corp. and John Labatt Ltd. John Labatt is bringing it on stream. The \$31-million facility is currently under construction on Dixie Road and should be brought into process in the not too distant future.

Peter Barnes is with me. Peter, how long before that is going to be on stream?

Mr. Barnes: I understand about eight to 12 months from now when they will officially have the building ready. It is being built at this moment.

Mr. Sweeney: Do you not have a similar

arrangement in Peterborough with General Electric?

Hon. Mr. Walker: No.

Mr. Sweeney: That is what is a little bit confusing. There are all kinds of these relationships and I do not think we really appreciate what they are.

Hon. Mr. Walker: There are two relationships.

One we have with John Labatt and the Canadian Development Corp. which is a different type. It is an equity relationship where we are a partner and that is in the process of being built. They have sought the world over for the individual to be engaged in the process and they have engaged a person who came from New York. That has caused some modest consideration in that we were asked, "Could you not find somebody from Canada?" The fact was that they went to international headhunters on this process because there simply were not people available who could do that kind of process in the Canadian operation. They found the best person they could; that person has now immigrated into Canada and will become the chief of staff, the president of Allelix. Labatts have been retained to bring on the whole process. But that is a totally separate kind of relationship from the other six centres.

The other six centres are distinguished in this way: They are identical in our form of relationship with them. We have set them up as schedule II crown corporations. We are funding them directly with a view that five years down the line they will be basically 50 per cent self-funded, which is a target. That is what we are setting as a goal. We will see if we can meet that kind of target.

In the case of each centre, we have retained private enterprise to provide us with the working plan and to design for us the manner in which we can bring it on stream.

The act was passed in July and it is a generic act that covers all of them. It suggests, for instance, that the crown corporation and the boards of directors will be made up of upwards of 15 people, that kind of thing.

In the case of Ottawa, the Ottawa microelectronics centre is now in place and is functioning. The facility is at 1150 Morrison Drive, Nepean. It is a rented facility just off the Queensway, at least it is visible from the Queensway. In a moment, we will rely on Peter to give us the precise details, but this facility has been open for some time and is beginning to function.

10:20 a.m.

The board of directors has been chosen and is in place. That has been announced and you have that in your files. The board is chaired by Mr. Gordon Gow, who is the senior vice-president of Nabu Manufacturing. The people on it include Dr. Walter Pieczonka, who is the president of Linear Technology Inc. and Professor Bowyer from systems and computer engineering at Carleton University. You have already seen a list of the people involved.

The centre has been officially opened by launching an exposition in late October. In fact, the member for Ottawa East (Mr. Roy) was there to cut the ribbon, along with the member for Prescott-Russell (Mr. Boudria) and the member for Ottawa Centre (Mr. Cassidy).

Mr. Stokes: I will bet they did not cut the ribbon.

Hon. Mr. Walker: Well, they held the ribbon. They participated in it. Actually, the ribbon was cut by a laser. The laser button was pushed here in Toronto by one of the pages, who activated a signal that went through all of the lines—we had interactive television—and the laser sliced through the ribbon, which was appropriately coloured. I think it was a bright red ribbon, Bernie.

Mr. Stokes: Does it cut red tape, too?

Hon. Mr. Walker: It would, actually. Some of the people were a little nervous about standing too close to the beam. They thought the beam might be more objectionable than they would have preferred.

In any case, the centre has been opened and is under way. The board itself has addressed private proposals put to it for resolution. It has concluded that 29 are within its scope and that 29 will be addressed in the months to come. These all came to it in the interim of the gestation period.

The next is the robotics centre in Peterborough. Geographically, we have identified the location, which will be in the building that is sort of showroom adjacent to the Outboard Marine Co. We are receiving that rent-free, if I am correct, and we have been gussying it up a little bit.

The robotics and computer-aided design computer-aided manufacturing have a communal advisory board at the moment. We will be sorting out the board of directors in the next couple of weeks in so far as the final appointments are concerned. My approach in this has been to appoint advisory boards, initially, rather than going directly into a cemented-in board of directors. Once we are sure of the style and

structure of the board of directors we need, we can appoint the final one.

Mr. Sweeney: Why did you separate those two?

Hon. Mr. Walker: I think there is a very clear distinction between robotics and CAD/CAM. Actually, if you physically view them you can see that the distinction there is as dramatic as it is between either of those two and microelectronics. One could argue that all six should be in the house, whether it be auto parts technology, agricultural, wood products, and so on.

Mr. Sweeney: But you have to admit that there is a much closer relationship between CAD/CAM and robotics than there is—

Hon. Mr. Walker: I would put all three of them—

Mr. Sweeney: Although there is a relationship, those two are—The very fact, as you say, that you have a common board demonstrates that even you feel there is a closer connection between them.

Hon. Mr. Walker: While we have a common board, we are likely to have individual boards for the two with common elements. What we are really trying to do is to give prominence to each of the areas. By having simply one board for all six and one centre for all six, I think there would be some lost areas. By distinguishing them all by separating them geographically across the province, establishing them with their own boards and focusing attention on individual aspects, we will heighten the importance of each of the areas as well as the results in terms of development.

There is no doubt that the two that come closest together are robotics and CAD/CAM. It is not I can distinguish rather dramatically between computerized numerical control and a robot. A robot going through a manipulation, and a CNC if it is doing, say, a cutting job on a piece of metal, are quite distinguishable and I have no difficulty with that. In any case, they are, from every point of view, a reasonable separation and we have no difficulties.

Putting the robotic part next to General Electric is important. We asked General Electric to bring on the five-year plan for robotics and they have done that. They are the centre for robotics that we have in Canada, so far, and they are connected directly with Schenectady, New York, which is the robot centre of the world.

Mr. Sweeney: What is your relationship with General Electric?

Hon. Mr. Walker: General Electric was retained to do the five-year plan and at this time it has no direct relationship with us other than, I guess the word is "synergy," between the physical locations in Peterborough for its robotics capital and for our robotics capital. So there is a relationship, but the relationship has ceased totally at this point.

Mr. Barnes: It has ceased at this time, but there is an offer from Canadian General Electric to assist us in starting up the robotics centre and to second a couple of staff members to us to help us start up the robotics centre in Peterborough. They would not have any relationship with the CAD/CAM centre. We are looking elsewhere for startup help for that.

Hon. Mr. Walker: It is an arm's-length relationship that we have with them. They have the expertise as, indeed, did Bell-Northern Research Ltd. when we took them on for the microelectronics centre in Ottawa.

Here, for instance, is Bell-Northern's five-year plan that they prepared for us. It is a very good plan. That is June 1982. It has been passed by cabinet and is now in place.

This is the one for General Electric. We retained General Electric to do both CAD/CAM and robotics, which gives argument or support to your previous concept of the two having some relationship. That has now been passed by cabinet and is in the process of implementation.

This is the five-year plan for the Ontario centre for resource machinery in Sudbury, a business plan to activate and guide the new centre. That has been done by Peter Barnard Associates, a private consultant and an admittedly knowledgeable leader in that area.

The last one is the automotive parts centre. It has not been passed. It is on cabinet's agenda for next Wednesday. It is a very good report. I guess we should describe it as a technology centre for automotive parts. We expect it to go through cabinet in the next couple of weeks.

The last one to come forward is the agricultural centre and we will have it in place, I would think, within about three weeks. I am being briefed this afternoon on the agricultural five-year plan that has been prepared by Phil Winegard from Guelph, whom you would know. He has prepared that one.

That is where it stands at the moment. The automotive parts technology centre will be opened, in rented facilities in St. Catharines, on December 14. On December 15, the resource machinery technology centre in Sudbury will likewise be opened. January 31 is the date for

the agriculture centre for farm implements and food processing in Chatham. The facility is being sought out there at this very moment; in fact, they are in some negotiations. February 1 is the date for the CAD/CAM centre in Cambridge, and the opening of the robotics centre in Peterborough is scheduled for February 8.

In the case of each of those opening in 1983, the facilities will be opened and functioning ahead of time. We expect CAD/CAM and robotics to be under way during the month of December. It will be functioning for a couple of months before official opening occurs. The agricultural one we expect to be functioning some time late in January. That is the rough status. Mr. Barnes is here to answer any specific questions on individual cases.

10:30 a.m.

Mr. Sweeney: My main question, and I am conscious of time flying, is exactly what are you going to do with each centre? What is going to happen there and what people are you going to have doing those kinds of things?

Mr. Barnes: I will try to be brief in view of the time. I would like to talk about them in terms of two groups of centres: first, the technology-based centres which are the microelectronics centre, the robotics and CAD/CAM, and second, the ones based on the industry sectors.

In terms of all of them, the object of the advisory boards and the consultants is to identify the gaps that existed and were not being filled, and the needs that were out there in terms of assistance, particularly for small to medium-sized business, which is what their basic mandate is to concentrate on.

In all three of the technology-based ones, it was technology transfer. In other words, it was not the need for a research institution. It was not a need for a set of laboratories. It was fundamentally to deal with the basic gap that exists between the average manager and current state of the art technology and the speed with which it is moving.

That is beyond the comprehension of many of us and particularly of the average manager of a small to medium-sized business who does not have the scientific, engineering and technological resources to understand, to appreciate and to spot the opportunities for the application of that technology.

Common to the three technology-based ones is an application engineering function which is to be onsite, working with firms, identifying opportunities for the application, be it of

CAD/CAM, robotics or microelectronics. That is a major and essential component which was identified common to them all and seen as genuine need by people, both manufacturers and users of these particular areas of technology.

Mr. Sweeney: How are they going to do that?

Mr. Barnes: We will have consulting engineers in each of the centres whose job will be to get out to the centres, and we will have marketing being carried out alongside this, to do onsite work in the centres and identify the opportunities for application. Where possible, we will use the private sector.

We will act as that resource within each individual company and hold hands, do work carry out the activity to the extent that necessary, involving the public sector where possible, helping them write specifications and doing feasibility studies, showing that firms do not go bankrupt through putting in too much technology and not knowing how to apply it.

We will be identifying training assistance so it is carried out, working with local colleges and universities to supply that training be it onsite or in the actual college itself. It is acting as the technical resource in that firm, to provide up-to-date, first class information on the technology.

Mr. Sweeney: The actual centre itself, the physical centre is going to be primarily—

Mr. Barnes: I have just spoken about one function. There are other functions. May I carry on?

Mr. Sweeney: Yes, go ahead.

Mr. Barnes: Other functions include the need to make people aware and informed. There can be firms with resources to carry out some of this work, but which are not informed on the state of technology and the sort of competition they are going to be facing in international markets, the technology that is being used and is enabling our competitors to reduce their costs and be more competitive than we are.

We can make them aware of what they are up against and what is likely to be happening to their types of products in their particular sector's down time. We will have that ability in terms of information. It will also be an information centre so people can come in and find out specific information related to the technology it refers to.

Then there are specific activities beyond that. Thus, in the microelectronics centre, it was identified that the small to medium-sized business has extreme difficulty obtaining custom-

made chips. The design front-end investment is enormous and the runs, from a silicon chip firm's point of view, just are not worth investing in. They find it difficult to compete with long-run competitors, and difficult to have custom-made chips that will enable them to have logics that will enable their products to be unique.

It was identified that we would usefully provide a service, which we are going to do at the microelectronics centre, which will provide design service for small to medium business or custom-made chips and, beyond that, enter into contracts with the silicon foundries so the chips will be produced, a series of short runs adding up to one long run that will be worth their while. There is that additional function. We are going to have a significant computer design station set up in Ottawa with six workstations and a large computer to enable us to undertake this process.

At the robotics centre, we have been assured by everybody who has anything to do with robotics that if one is really going to get people to feel comfortable with robotics—and it is one of the most difficult areas for them to deal with, because psychologically it does things that humans do. People have great difficulty dealing with it. So we are going to set up robots in Peterborough which will simulate work situations. We will be able to bring people in and demonstrate to them exactly what robots can do, from pick and place, to welding, to spray painting and so on, covering the basic seven functions that robots operate in.

We will also have a robotics van to go around on-site to various firms in towns, identifying the opportunities, what it means and talking generally about the impact of introducing a robot. I think Canadian General Electric showed a robotic stand outside the Legislative Assembly last year at one stage. Ours will be similar to that. That seems to have been successful.

In the CAD/CAM area, we want to get the resident on board and the board fully established. We still have not decided as to how much of an integrated computer system we are going to have in that centre to provide backup to the consulting engineers who will be working out of that centre, and also to use for training purposes and to simulate situations in the factories they will be working with to provide them with the appropriate advice. So we will have a backup. There will be demonstrations and there will be actual specific services provided from each of the centres.

Can I move on to the industry-based ones now?

Mr. Sweeney: I am still missing one little piece of the puzzle or the link. I understand what you are saying about Ottawa. In Peterborough, you are going to have stations where people can come. I am thinking of the centre itself, the physical centre.

Mr. Barnes: There will actually be robots in the centre.

Mr. Sweeney: People can see it happening.

Hon. Mr. Walker: And the travelling van.

Mr. Sweeney: And the travelling van. In Cambridge, it does not seem to me you are going to have anything actually there.

Mr. Barnes: Yes, we are. We are going to have something like \$4 million worth of computer equipment with work stations, graphic displays, interactive graphics, so people can see what it is about and what it means. It is probably the most explosive area of the lot in terms of the impact it is going to have on all of us in the next 10 years. CAD/CAM completely revolutionizes how we function in industry today.

It is not a thing that is easy to display. I mean a computer is a box. What we are going to have is a series of screens which people will be working on via keyboards. What we will be having is three-dimensional graphics, the ability to design, trying to demonstrate the incredible advantages that can accrue if one designs through computers, if one manufactures through computers. It is more cerebral and less physically obvious than a set of robots sitting on a floor.

Mr. Sweeney: The human resources you have at these places are going to be more engineering-oriented than they will be anything else. Is that right?

Mr. Barnes: There will be a combination. We are going to need some trainers because we are going to attempt to identify, in terms that universities can work with, the sort of training that is needed. In some cases we are going to conduct seminars ourselves where they are not run elsewhere.

We are going to need some marketing people who can go out and demonstrate what these centres are capable of doing and sell their services. We are going to need people who can, alongside the engineers and hopefully the engineers themselves—if you think about a true applications engineer, he is not just an engineer; he is not really effective unless he understands the costs and unless he understands the feasibility

ity of what he is talking about, so it is a misnomer to talk just about an engineer.

What we are looking for is some fairly unique people who can look at applications, consider their feasibility and know when to call in the financial and economic help to look at the economic feasibility of the products and so on and so forth.

Mr. Wildman: Is CAD/CAM going to be involved in software as well as hardware?

Mr. Barnes: Yes, inevitably we will be involved with software but do not mistake me. We are not going to be designing the software ourselves. What we will be doing is working with private sector companies that have the resources to do that so that can be brought to bear on the particular centres and products.

Our object is to lever what we are putting into those centres into far more activity through making the maximum use that we can of the private sector.

Mr. Sweeney: The thrust of my question, and I think you have probably come to it, is most businessmen are not that technically oriented themselves.

Mr. Barnes: Exactly.

Mr. Sweeney: If they are only going to be dealing with technically oriented people, not business people, we are going to continue to have the gap.

Mr. Barnes: You are quite right.

Mr. Sweeney: You are aware of that.

Mr. Barnes: We are not going to transfer the technology if all we do is put an engineer in who is going to talk like a computer expert. That is not going to help that general manager at all. He is going to have to establish the confidence of the manager that the man understands money, that he really does know what he is talking about and that he can call on appropriate resources.

It is going to be a very interesting exercise in implementation. We consider it absolutely essential. The gap is there; we think we can pull it off.

Mr. Sweeney: There is one other aspect of this whole thing. We talked in our opening statements about the concern of people who are actually holding jobs now, that all this new technology is going to put them out of work. How do your centres deal with that situation, if they do at all?

10:40 a.m.

Mr. Barnes: There are the obvious answers. I can come up with a whole lot of examples where robots have been introduced and new jobs have

been created and different skills have been required. Let us not kid ourselves. The introduction of technology is going to require new skills and is going to require training and retraining.

I would like to come at it from another way. Whether we like it or not, countries we have traditionally looked on as being our markets and therefore open to us for us to export to, are becoming manufacturers in their own right and exporting to us. They are not shy of introducing the technology. They are not shy of making every available use of technology to dominate world markets. We believe we have to be competitive with them and, to be competitive, we have to introduce some level of technology.

Mr. Sweeney: Excuse me. I am not arguing that we should not be moving in this direction. My only question is, how do we deal with the genuine concerns of people in terms of the way this is going to affect them? We simply cannot ignore that aspect. That is all I am saying.

Mr. Barnes: I agree with that entirely. At the actual functioning level we have what we are calling outreach programs at this time. They consist of the robotics van and people going around with seminars, presentations and programs at all levels, to chambers of commerce or whomever, talking about that very problem, identifying the issues and trying to develop some level of greater familiarity with the technology and what is happening, then dealing on a project-by-project basis with the organizational implications of the introduction of technology. This is the only way we can see of handling that.

Obviously we need advice on this. We will be appointing a representative of labour on the boards just as we will be having representative from users and manufacturers and academics. We are conscious of that. We are developing programs in each of the centres to deal with it. The outreach programs are a very important part of the functioning of each centre.

Mr. Sweeney: One of the classic examples of that is in the post office. It was only when the employees were actually brought in on what was going on that relative peace was brought forth.

Mr. Barnes: When we were looking at the business plan, one of the people on the CAD/CAM advisory board said very specifically to us that the very point you are talking about, the organizational aspects, was very important. For him, the technology is simple. He said, "What is really difficult for me is how we get management and the structure of the

organization adapted to deal with that technology rather than just functioning in its traditional manner." So it is a very key point.

Mr. Wildman: You were going to go on to the other—

Mr. Barnes: Three centres? The other three centres are the industry-based centres and, of course, represent three of the most important industry centres for Ontario. The findings in terms of the gaps are not as common as they are for the technology-based ones because of the different characteristics of the industries.

In the auto parts centre, the gap has been identified fundamentally as the need to improve productivity. Again, this is transference of technology but very much in management systems as well, helping them look at processes and improving productivity through processes. You referred to an article in the *Globe and Mail* yesterday.

Mr. Wildman: You have it before you.

Mr. Barnes: I do have it before me. I am going to quote a few bits from it before I finish. In Ohio, Rooney carried out a study of technology centres. What came back was: "We do not need a research centre. We do not need a technology centre for doing the research. What we do need is a technology transfer centre, somebody to do that for us." That is precisely where we came from on this one.

The other problems we are facing in the auto industry have been identified to some extent by some of the reports that received some level of notoriety. But what they did not identify was what can be done about them.

We are facing situations where the auto industry is restructuring, where the large firms are going to be sole-sourcing and not multi-sourcing, where they are looking for some level of global ability to supply parts as they build cars around the world, where they are looking at just-in-time deliveries so that the firms themselves manufacturing the cars hold only about two hours' worth of inventory and then have just-in-time delivery from each of the organizations.

We see that we have to work with our auto parts manufacturers to try to establish liaison between them and other firms abroad. We have to set up relationships between them and, for example, GM, CGE and Ford, which they could never be able to develop themselves. We have to develop packages between the fracture testing set up in the University of Toronto, between composite material manufacturers and

between the auto parts manufacturers themselves, so we can come in with a technological package that will appeal to the auto manufacturers.

We have three sorts of programs. We have the marketing information program, which includes buyer-seller liaison, we have the technology transfer program and we have the manufacturing productivity program, each of which has a series of activities underneath it. I am talking very generally, because this is a report that has still to go before cabinet, but our overall reaction to that report is that it is a very good one. It has some very positive things to say about what can be done.

Mr. Wildman: I am looking at that article, too, Mr. Barnes. How are you going to be able to move people like T. J. Mullan and C. J. Christie, who are saying they do not see a great need, to the position of Patrick Lavalley, for instance, who says he thinks it is an opportunity and that it may start small but it could get somewhere?

Mr. Barnes: I would like to answer that anecdotally, if I might. We had 15 people come to an advisory committee in mid-August, of whom about 12 were fairly profoundly sceptical as to what this auto centre could do for them. The member for Windsor-Riverside (Mr. Cooke) is called a sceptic in the article too, I see. I hope he does not continue being one, as we hope he will do something for Windsor as well.

They were exposed to the facts. They worked very hard on the opportunities, and we got 15 members of a board who are almost messianic about what this report means and what they think this can start doing for the auto parts sector. What we are talking about is getting that report out: let us publish it and let people see it; let us work with them to demonstrate what can be done if we are positive about it. I am optimistic about that aspect. I saw 15 people swing around, very impressively, and they were hard-nosed businessmen. They were not people coming in—

Mr. Wildman: Bob White is involved in that.

Mr. Barnes: Yes.

Hon. Mr. Walker: One thing has to be kept in mind about the technology centre for auto parts, which appeals to me. We have in Canada something like 1,200 auto parts industries, and 900 of them are located in Ontario. They are distinguished by the fact that they are all small, very tiny. I think something like 80 per cent employ fewer than 100 people each and 50 per cent employ fewer than 50 people.

The larger ones—I mentioned Budd and other places—are capable of doing their own research and development, whether they import it from abroad, license it from abroad or invent it in their modest operations here. But most places where there might be 42 people working do not have the R and D capacity. We are offering, with the auto parts technology centre, a facility where they can plug in and have direct access to their own R and D. Their own technology probably is a single idea that was put into play a few years ago. If something should come along to replace that idea, if some product should come along, they are out and so is their entire line; it is gone.

What we are trying to do is to get them to start thinking about diversification, to alter their lines, to come up with some invention, to develop the technology transfer. We do not intend these facilities to be research centres. That is primarily a function of the Ontario Research Foundation, which will continue that process, or of the IDEA Corp., which will act as an umbrella for research. This is primarily a technology transfer facility which will allow an idea that already exists in the world to be translated into process. With a lot of these things basically the invention has already occurred. The important thing is to get it from invention into process.

The auto parts technology centre will have the best library we can find. It will be an electronic library. It will be interconnected with, I think, something like 18 different networks worldwide that will give access in the facility, and in remote areas it will give access directly on a computer facility, a television display unit in somebody's office, to the latest technology.

The idea will be to translate that technology into process; that will then afford a little company the capacity of some of the largest companies in Canada in terms of research and development capabilities.

10:50 a.m.

Mr. Stokes: I want to follow up on this, because I wanted to raise a particular aspect of our productive capacity and our ability to compete elsewhere.

Just over a year ago I was a guest of the ministry of foreign affairs for the government of Japan. I visited the Toyota installations, Nikon and hydroponic applications for the development and growth of agricultural products, and I was really impressed with what they do.

I want to ask the minister and Mr. Barnes how

they are addressing a particular problem. I want to quote:

"Canadian and American manufacturers are producing new and improved products every year. They are also producing a great amount of junk.

"Obsolescence is the key word in the auto mobile industry. That means they will try to sell you something better next year. Fashion takes a stance that the product is great and in style, but the style will change next year. It might as well be because clothes you buy this year probably won't last until next year. Even carpets will have to be changed after two or three years because of the 'traffic.' In some of the old houses in Europe there are carpets over 100 years old, and they look as good as new.

"You name the modern-day product that can be expected to last for the next 20 years. I doubt that you can.

"The average buyer is well conditioned to the shoddy products he is exposed to. I suppose he expects the car to wear out in 18 months, his clothes to get baggy in the next 12 months, and he hopes the 'traffic' over his carpet will be light because he does not want to buy another one any sooner than he has to.

"It is my belief that a lot of the problems we have today are the result of years of shoddy manufacturing practices.

"Dr. J. M. Juran"—I do not know if you have ever heard of him—"one of the leading authorities on quality, said in an article in the National Productivity Report, June 15, 1982, 'Management is doing rather badly with quality because of a lack of understanding that quality is a business problem. . .'"

Allow me to relate my experience in Japan. In the engine block plant, which is completely automated, a chunk of aluminum goes in at one end and 24 hours later it comes out at the other end, and about the only people you see in that plant are maintenance people. If a buzz sounds or a light goes on, people seem to come from nowhere and rectify the malfunction. The only people you see are at the tail end of that plant. There are about eight people hooking up the electrical components to the engine.

I also saw the finishing plant, where the final assembly is done. While I would not be caught dead driving a Toyota, I would have no qualms about having one on the strength of its quality and how impressed I was with the way they do things. The Nikon plant is the same.

I do not hear either the minister or Mr. Barnes talking about quality, something that will last. I

you get a lemon, it does not matter whether it is a suit, an automobile, a refrigerator or whatever; you are going to look for something better, and if we do not have it here in Canada, you are going to look elsewhere.

"Dr. Juran has not left us grasping for straws. He proposes a three-pronged approach to the problem.

"1. A massive quality-related training and communications program for managers, supervisors and employees at all levels to raise the quality consciousness of the organization.

"2. A program of annual quality improvement. It is not enough merely to meet the day-to-day quality goals. If improvements are not continually made on a year-to-year basis, the company will fall behind the competition that has a yearly improvement factor.

"3. Top management must lead the quality function, set the goals and improvement factors and see that they are met. . .

"Management must accept the reality that quality involves business decisions rather than"—and this is what bothers me—"technical decisions to make headway against the competition.

"It is with quality that competition is met, customers [are] retained, new markets are opened, market share is increased, costs are reduced, expectations and requirements of customers are met and productivity is improved."

I do not find anything in anything I have heard, and this is the third session of this set of estimates, that says we are looking at quality. That is the bottom line today. People are becoming very discriminating in what they purchase. We have had built-in, planned obsolescence in our industrial complex for so long that people are just getting fed up. If we cannot do it just as well here from the point of view of productivity, reliability and something that will last, they are going to go elsewhere. I have seen it in Singapore, I have seen it in Japan and I now it is now happening in Korea.

For me, after having seen that, that is the bottom line. It is not something you can produce more cheaply; it is something you can produce better, because that is where the markets are, and I have not heard any reference to that in any of these tech centres.

Hon. Mr. Walker: I do not suppose there is a speech I give, and I think I give about four or five a week, in which I do not make strong reference to the need to enhance quality, to become more efficient, to become more productive. Those three words are bywords in

every speech I give. The fact that it does not become public is more a function of those who report it or those who write speeches.

Mr. Stokes: Let me make one other comment. I am a tinker, and I am sure everybody in this room is a tinker. If something goes wrong at home, we say: "Well, it's not functioning, and I don't think I should spend another \$200, \$300, \$400 or \$500 in buying a new one. I am going to try to fix it."

Have you ever tried to fix an automatic washer, an automatic dryer or an electric toaster? Try to fix any of the things we use. They are designed in such a way that you have to be a Houdini just to get in to see what the problem is. As I say, it is planned obsolescence.

After having paid \$500 for a home appliance, just because there is some little malfunction where I cannot get at it, why should I throw it away and buy a new one? That's not where it's at any more today. People are much more discriminating, and they are going to go where they can get quality and a reliable product.

Hon. Mr. Walker: If we are giving personal testimonials, I do not suppose there is an appliance in my own home that I have not personally repaired some two or three times, sometimes repairing my own repair. But I think there are a certain number of appliances that are capable of being repaired, and there is a certain amount of built-in obsolescence.

Going back to the point you made, in Winning: Ontario's Technology Centres Can Help You Beat the Competition, a small booklet we put out, which I think you have a copy of now, we say at the very start: "Today's manufacturing demands technological change. You will need the latest, the most competitive methods to increase productivity, improve quality, enhance competitiveness."

In fact, all six technology centres, which touch on 90 per cent of the industry of Ontario, are nothing more than productivity centres. They are centres that are geared towards making the appliance, the unit, the chip, whatever it might be, more efficient, more effective, higher quality.

As I mentioned yesterday, we are going to be in the world with the best, the cheapest and the most efficient, and we are going to achieve that. These six technology centres are going to be world-class in stature, and they are going to be capable of allowing the Ontario industry to plug into them and acquire the expertise they do not

now have. So it is a facility for them to achieve precisely what you are saying.

11 a.m.

If you are addressing the issue of fashion change, we are talking about something that is probably an age-old argument. Why do they want to change the fashion on a car or on other items every single year? Well, that has been the nature of private enterprise. They have been able, presumably, to sell more cars as a result of that.

Mr. Stokes: It has not served the customer well.

Hon. Mr. Walker: That is probably right. The Japanese certainly go through a process of changing their vehicles on a very frequent basis. I do not know whether it is a one-year cycle, but their style changes have been very heavy such that the North American market is served almost every 12 months by a change in their vehicles. They certainly change internal things that relate to making their vehicles more interesting or more appealing to the public.

If there is any criticism I would offer to the North American industry, it is that they should be able to adapt as quickly as some of the Japanese have to changing styles and needs of the consumer. That is something they have been loath to change quickly. It has started to happen. The message has got through to them. It is a timely topic to mention Chrysler. If you look at the Chrysler car today—

Mr. Stokes: That is what I drive.

Hon. Mr. Walker: Yes, I have a Chrysler too. It is one of the very efficient vehicles. They have made the changes. They are making rather effective changes in terms of price. They are also making effective changes in terms of quality of the vehicle such that they can now offer 100,000-kilometre or five-year warranties on practically everything in the car. That is something that some of the others are probably going to have to move towards. They have made some dramatic changes in the last while.

If you look at the Ford V-6 engine plant, there is nothing more efficient in the world than the Essex V-6 engine plant. It can produce 550,000 engines per year of that capability. The efficiency is second to none in the world. They have reached, in that one plant alone, efficiency the likes of which we have not seen.

There have been all kinds of changes by the automobile industry—if we address only that area for a moment—in Ontario and certainly in Canada in the past three years. People ignore

the multimillion-dollar transmission plant that General Motors has put in Windsor. That is an extremely efficient facility. It came on stream in July 1981.

All kinds of investment has occurred. In the three years immediately preceding this year something like \$2.9 billion of private money has been spent in the automobile industry for rehabilitation purposes alone. In this year the auto industry has invested something like \$299 million; and in the parts industry \$200 million has been invested directly in rehabilitating and making their operations more efficient. There has been a lot of movement in that direction.

The automobile industry has got the message that was transmitted over the past few years.

Mr. Stokes: Twenty years too late, because the robotic technology was not developed in Japan; it was developed right here in North America.

Mr. Kolyn: By the National Research Council.

Mr. Stokes: We sat and watched the world go by for 20 years. Now we have the Fords and the Chryslers of this world come cap in hand to every level of government asking for a handout.

Hon. Mr. Walker: There are 16,000 robots in Japan, 3,000 in the United States and 250 in Canada. You can see the value of our robotics centre, and you see the reason we want to single it out as an important distributor of robots. I do not mean it is going to sell robots, but it is going to sell, in the small-s sense, the concept of robots by having a mission, an aggressive, proactive approach to going in, getting someone from industry and saying, "Look, you can change this whole business around by going to a robotics approach," recognizing the human element, of course. That is extremely important in this whole process.

You will see that developing and there is definitely a strong move. What you are complaining of is entirely the justification and rationalization behind the establishment of the six technology centres, to make them simply more efficient, more effective, more productive generally, more capable of quality.

Mr. Stokes: And quality-oriented.

Hon. Mr. Walker: Absolutely.

There is not a speech I deliver in which I do not address that issue directly and heavily. We are pushing it, and we intend to be very proactive in pursuing it.

Mr. J. A. Reed: Obviously the need you have perceived is the fast exchange of information at a density level that could not be achieved in any

other way. When you are talking in relation to technology, what about things such as marketing advice and consumer preference advice and the kind of thing that allows a business to make a judgement call regarding obsolescence?

I was quite intrigued by the business of talking about the cosmetic changes in automobiles from year to year. Some of the most successful automobile manufacturers in the world do not change their models for 10 years. Some of them have not changed their engines for 20 years. The suggestion that consumer preference is oriented in that direction is not always applicable.

There is the whole question of parts and the cost of replacement parts. The member for Lake Nipigon (Mr. Stokes) referred to the dishwasher. Have you ever tried to repair one? I have. I will tell you, the last time I got into it it was going to be \$75 for a little piece of plastic with a few relays inside it. Then you come to a judgement call as to whether you might as well go out and buy a new one. Surely that kind of obsolescence is built into those things right now. So the next time, instead of going out and consciously buying Canadian, I am going to look for the best one and the most long-lived.

Hon. Mr. Walker: By the time you look, I hope it is going to be Canadian.

Mr. J. A. Reed: I hope it is too. What the member for Lake Nipigon is getting at is that the consumers today are sick and tired of the planned obsolescence, and they are sick and tired of paying exorbitant prices for replacement parts—and they are exorbitant, believe it—if they can be obtained. After a certain number of years, you will find the story: "I am sorry, we do not make that any more. You might be able to fit some sort of a substitute on to this dishwasher," or whatever.

That is driving consumers to out-of-country manufacturers. They have caught on to this. The price may be higher. They pay a premium. They pay not only a premium because it is a better product but also a premium to have the thing transported in and so on, in the sure and certain hope—whether it is an automobile or a dishwasher—that it is going to last.

You are talking about exchanging technical information, but one of the objects of the exercise has to be to make corporate management aware that consumers are going to look around until they find the better product on their own doorstep.

Hon. Mr. Walker: Let us not be totally condemning of the private sector. There is no

great conspiracy against the consumer in the process. There is a desire on the part of the private sector to earn profits so that jobs can be generated. There is an intention on the part of the private sector basically to provide consumers with what they want. In some areas they have been incapable of adjusting—

Mr. Stokes: Come on. It's mind-bending advertising just to have a quicker turnover of something they know is designed to last 18 months.

Hon. Mr. Walker: Sure. But let us not lump everything into it. The fact of the matter is that they have a responsibility to earn profits, and they are going to earn profits in the best way they can.

Mr. Stokes: That is by doing something well.

Hon. Mr. Walker: That is right. If doing something well is the way to do it, then they will do it well. Our only criticism in the automobile industry is that it has taken a little while for them to adjust—somewhat longer than some of the competition. The fact is that we have an extremely good, very competent industry here in Canada, particularly in Ontario where half the industry of Canada is located. Hence, you see Spar Aerospace and what they are able to accomplish in terms of the Canadarm, the biggest and most visible robot in the world. You see a variety of firms that have just—

Mr. Stokes: We have the ability; we just do not apply it.

Hon. Mr. Walker: Look at the case of Explosafe, which developed world-leading technology by retaining the Ontario Research Foundation to come up with the invention and then marketed it. Two weeks ago, I was part of their signed deal with some people in Saudi Arabia for something like \$12 million worth of the product.

11:10 a.m.

Mr. Stokes: Look at the cars that were supposed to go to Iran.

Hon. Mr. Walker: Not Iran, Iraq. Do you think that was related to the quality of the car?

Mr. Stokes: Yes.

Hon. Mr. Walker: There are a lot of us who do not think that was a consideration.

Mr. Stokes: It was.

Hon. Mr. Walker: A lot of us do not think that is the case. Can I tell you something about those cars? Those cars, first of all, did not sell. They did not go to Iraq. They had three-speed transmissions on the floor and one or two other

things that made them unattractive in the Canadian market. They were slightly modified for the Canadian market. I think they had to put some catalytic converters and one or two other things on them to make them sell in the Canadian market.

Those cars were then allocated to individual firms across Canada. In Strathroy, a firm there by the name of Larry MacDonald Motors had an opportunity to have two of them. In almost all cases the cars were sold within 48 hours of the announcement going on the CBC news at 11 o'clock on a Sunday night.

Mr. Stokes: The bottom line is, they were sent to Iraq and there was so much dust over there that they could not operate unless they were continually maintained, almost on a 24-hour basis, and there was no capacity to maintain them over there.

Hon. Mr. Walker: With the greatest of respect, that does not bear up under the careful scrutiny of an assessment by someone who knows fully what it is all about.

Mr. Stokes: I was talking to GM about it.

Mr. Wildman: That was true about American helicopters over there too.

Mr. Sweeney: I have one last question with respect to personnel that we put but have not got an answer for yet. That was the background of the people you are hiring and, if I may add an addendum to that, who is doing the hiring, and on what basis. For example, is it done centrally, or at each centre, and what is the connection between the centres, if any?

Mr. Barnes: In terms of the hiring of the presidents, that is being done with the help of the advisory committee making use of consultants, to try to attract the best that we can to run the centres. In terms of the staff at the centres, they are being hired by the centres.

Let us take microelectronics as the example that is up and going. There are 22 staff there. Of the 22, six are on full-time jobs; the other 16 at this stage are secondments from private industry helping us set it up and get it going. We see secondments and working private industry in this way as one of the routes by which we will be able to staff them. We have a lot of offers around that. We will build up the permanent staff but they will be hired by the centres themselves.

Mr. Sweeney: The other question we raised before was, if you are going to advance technology in this way you are going to have to have skilled people to deal with it. What is your

relationship with any training centres to be sure that when the technology comes on stream you are going to have the skilled trades people to handle it?

Mr. Barnes: We are working closely with the Ministry of Colleges and Universities. We are also working closely with individual colleges and universities, not only near to where the centres are but across the province. We have been talking with the University of Western Ontario and its business school on the help they can give us in the auto parts centre. We have been talking to Seneca, Centennial and we have opened the microelectronics centre at Carleton University.

We have professors of engineering on each of the boards from various universities and we see that as being one of the major functions that we have to undertake in terms of identifying where we get the skilled staff from and how we ensure continued supply of skilled staff to industry down the road.

Mr. Sweeney: It is the supply to industry that is concerning me, not just to your centres.

Mr. Wildman: Have you had to go abroad to hire staff?

Mr. Barnes: Not yet, no. The question that was asked here was not in relation to the auto parts, it was in relation to the CAD/CAM and robotics centre. When I was asked there if we had sufficient specialists in CAD/CAM and robotics in Ontario to staff the centre, I said I did not know but that we would not allow the quality of the centre to be spoiled if we could not find qualified people in Ontario. That is where that quote came from.

Mr. Wildman: I note in the briefing book, on page 24, it says that salaries and wages for co-ordination of the technology centres is \$149,000, employee benefits \$27,000, transportation and communication \$30,000, services \$225,000, supplies and equipment \$25,000. First, on salaries and wages and employee benefits, how many people have you on staff?

Mr. Barnes: At this moment the complement, if I can put it in those terms, is myself, three project consultants, an administrator who deals with all the bureaucratic relationships with the centres, which then frees up the consultants to deal at another level, and two secretaries.

Mr. Wildman: For services, \$225,000, does that involve the payment for the preparation of five-year plans?

Mr. Barnes: Some of it. Most of that was paid

through BILD, but we have paid for additional aspects in terms of services. We have had some specific projects to look for specific pieces of information and it covers that area.

How much of that we will spend this year I am not sure. Next year we are looking at that sort of figure, perhaps a little more in terms of the sort of support we will be prepared to give. But we are trying to keep the whole central aspect as minimal as possible in this situation so that we work through the centres rather than under a bureaucracy.

Mr. Wildman: Does that all apply to the IDEA Corp. as well as the technology centres?

Mr. Barnes: Yes, this links the IDEA Corp. as well in terms of administration and the ministry.

Mr. Wildman: It is always nice in estimates to look at some numbers.

Mr. Stokes: There is one brief reference on 2201-6, "Objective: To conduct independent, objective management-oriented audits of the operations of the ministry and its agencies and certain programs in the Ministry of Tourism and Recreation including Ontario Place Corp. and the Minaki Resorts Ltd." What do you do?

Mr. Wildman: I did ask a question on the relationship between this ministry and the new Ministry of Tourism and Recreation. The minister said last night it was going to be rather interesting. I just wonder who makes the decisions on things like Minaki.

Hon. Mr. Walker: You are getting into the Ontario Development Corp. area that I was referring to last night.

Mr. Wildman: Okay. We will leave that until we get to ODC.

Mr. Kolyn: The member for Lake Nipigon gave us a scenario on the Iraqi cars and I would just like to impart another scenario that I had heard about the Iraqi deal which I think we should bear in mind. The situation was that when they were into that war with Iran, Japan used to buy most of its oil on the spot market. They did go in at that particular time and buy a lot of oil from the Iraqis during the early part of that war, and one of the concessions was that they did end up buying Japanese automobiles shortly after that General Motors deal was cancelled. So it was not the quality of the General Motors cars we are talking about.

Mr. Riddell: Now let us hear the minister's opinion.

Hon. Mr. Walker: There were a lot of other mitigating factors there. I do not think it was the

quality of the Oshawa-produced vehicle that was the real consideration in that matter and I think, digging more deeply, it might become more apparent what the problem is. In my opinion, the quality of the vehicles was certainly not one of the complaints.

There were three complaints by the Iraqis. One was that the bench seat in that vehicle was not high enough quality from their point of view. That seems a strange concern. It was a standard type of car seat that North Americans are used to in modestly priced vehicles and I find it somewhat difficult to see how the Iraqi soldiers, who apparently are given these cars for accomplishment in the war, would be upset by this new vehicle's seat that we would traditionally be used to.

The second thing was that they had a clock that did not work. The third complaint now escapes me, but they were relatively modest criticisms.

I have to think some of the concerns related a little more to the amount of money that Iraq had in its treasury and a little more to the issue raised by the member for Lakeshore (Mr. Kolyn). I think that is quite accurate. Somebody mentioned to me that, given the fact they were losing the war, they did not have quite as many prizes to give out at the time.

11:20 a.m.

Mr. Stokes: The fact is, we did not sell the automobiles.

Hon. Mr. Walker: We did to Canadians, within a matter of 48 hours, so they must have been interested. The price was not that great. It was a bargain price, but it was not that immense a bargain. They still sold for \$6,900, I think it was. As cars go, and as that particular Malibu goes—

Mr. Wildman: Compared to \$10,000, which was the price of a Malibu.

Hon. Mr. Walker: Given that it was a three-on-the-floor, how many people are buying clutch-driven three-on-the-floors these days?

Mr. Sweeney: Can I ask one last question and then we can move on? The minister pointed out there is a necessary relationship among all the centres, yet there was a policy decision made to locate them in different geographical areas. How do they keep in touch with one another? I am hoping they do not operate independently.

Hon. Mr. Walker: Every three months, the six chairmen and the president and chairman of IDEA Corp. will gather together for communal discussions. On top of that, there is cross-

membership on some of the boards and Mr. Barnes is, in effect, on every one of them to provide some additional continuity.

Mr. Barnes: Could I answer that? We are setting up a common data base for each of the boards for planning, project receipt purposes and information purposes. They will have common terminals so they can feed into the same data bases. We do see a significant advantage to the spread around the province. We will look on each of them as being representative of the others in the area they are in so people can come in, pull up the terminal in one centre and get into contact with the other centres. We see a real communication linkage, a real set of decision linkages and a real set of information linkages.

Hon. Mr. Walker: And with the Ontario Research Foundation as well.

Mr. Stokes: You did not say "Comintern," you said "common terminals." That is very reassuring.

Vote 2201 agreed to.

On vote 2202, industry division program:

Mr. Chairman: I believe we were close to carrying 2202 as well. Mr. Wildman said he had a question.

Mr. Wildman: I wonder if you can tell me if my figures are close to being accurate. If we take some projections on inflation into account in your prediction or your goal of doubling exports in five years, you are talking about something like a 10 per cent real growth rate per year in exports. Is that fair? I looked over some figures on this and that is what I came up with. You are talking about a 10 per cent real growth rate. Would you agree with that or not?

Hon. Mr. Walker: I do not know whether we are into industry or trade at the moment.

Mr. Wildman: Oh, sorry, go ahead. I can leave that.

Hon. Mr. Walker: I can answer if you want, or delay it.

Mr. Wildman: I am quite willing to leave that until later.

Mr. Chairman: I would just as soon leave that. We will be into it shortly.

Mr. Kolyn: I was interested in Ontario research and your product development branch and I have a few questions. Can we do it now or do you want to do it later?

Hon. Mr. Walker: Does the Ontario Research

Foundation come under this vote? Yes, it does. Mr. Bill Stadelman, the president of the Ontario Research Foundation, is just joining us.

You will see a variety of items on the table that show something of what the Ontario Research Foundation has been involved in. They are certainly the unsung heroes around here in terms of some of the things that have been accomplished, from hockey sticks to Explosafe.

Just learning something about the Explosafe, it is amazing what that has accomplished in terms of causing gasoline cans not to explode. That particular can can be filled with a gallon of gasoline. That is a one-gallon can. It is somewhat larger because the contents contain some foil material. If that can were to explode, the explosion would be totally contained within the can.

That is the kind of thing Explosafe is coming up with. It has important contributions from a variety of defence points of view across the world and is being recognized as a leader internationally.

Mr. Stokes: Have we got a patent on that?

Mr. Stadelman: Not us.

Hon. Mr. Walker: I would like to introduce Bill Stadelman to you. He will tell you something about some of the products back there that are the most recent inventions. Maybe if he could take two or three minutes, Mr. Kolyn, before your question is answered, and introduce you to those items, that would be interesting.

Mr. Stadelman: There is a prosthetic device there. It is a hip joint. I will give you a brief history of that because it is rather interesting. Dr. Ian Macnab of Wellesley Hospital, who is one of Canada's leading orthopaedic surgeons came to us and asked if we could somehow or other cover a device such as this with a porous coating that would allow the bone to grow in. The fastening of the device to the bone is a major problem. For us, it was a relatively simple matter because of our experience with powder metallurgy and we did this.

He financed all the research work on it and was about to give the patents, which he owned, to an American firm in exchange for its giving him samples. We talked to Dr. Macnab and said, "Why do you not join with us on these patents and see if we can get them manufactured in Canada?" He was quite willing, with the result that we decided we would split the proceeds from the patents between Macnab and ORF and we would undertake the actual licensing.

We found a licensee by the name of Canadian Oxygen, Canox Division, a division that sells prosthetic devices around the world. It got a grant from the Department of Industry, Trade and Commerce of the federal government of some \$200,000 to set up a plant in Belleville. The plant in Belleville was in operation. It sold the process to DuPuy. It then built a plant in Malton and all the prosthetic devices of DuPuy, which are made in Warsaw, Indiana, are brought to Canada, coated and returned to the United States for worldwide distribution.

In addition to that, the firm is making some devices in Canada and coating them for the Canadian market. It is also coating other competitive products for other firms in the Canadian plant. Just recently, it decided it would double production.

Hon. Mr. Walker: It is an interesting thing. That is an artificial hip. Someone obviously wears it inside his bones. It is a great idea, doing all kinds of things. Everything has a little bit of a grey cover on it. In this case, one cannot walk through a metal detector at the airport and expect to convince the guard at the door that one has a metal hip. That is one of the interesting aspects of it. They have not quite overcome that problem yet but, my gosh, it sure made general mobility available to a lot of people.

What else do you have?

Mr. Riddell: Before you leave that, when a hip is reconstructed, normally they put in a socket and a ball joint. You have the ball joint there. Is the socket composed of the same kind of material?

Mr. Stadelman: If the socket has to be replaced, which apparently it is not in all cases, and I am not an expert like an orthopaedic surgeon, the socket is made out of a plastic material that is compatible with the human body. We have done some work on that, although at the moment none of the cups in which these sit that we have developed are being used. We are still in the testing stage in animals where they carry out these things.

Mr. Sweeney: But you would not want the socket to have the binding property that the body has.

11:30 a.m.

Mr. Stadelman: Oh, no; that is why we use the plastic material. In the human body there is a fluid in that joint called synovial fluid—I do not know what that means—and in replacing this socket that is a major problem, some aspects of which we think we have solved.

You will recognize this as being from Blue Mountain Pottery. Their product is sold all over the world. You will see it in every store. I am told you will even see it in such places as the Isle of Mull in Scotland. They came to us as a result of a requirement of the federal government that all ceramic containers which may hold food can no longer have any lead component. As you are aware, the crystal in your home is largely lead, which is why it is so heavy.

The problem presented to us by Blue Mountain Pottery was to reproduce precisely that look in glaze, because they said that was a selling problem. We undertook to do the formulation of the glaze in such a manner that there would be no lead, and were successful. As a result, they came to us and we did some formulations for their clay bodies. They are a major exporter.

This material is what you would use if your steps or your driveway started to spall or if a piece broke off. It is a patching material which is also used on the highways. Its great advantage is that it sets rapidly. It can be used in heavy traffic within 24 hours after it is put on, I think, and can be brought out to a very fine edge, which is a problem you run into in repairing spalling on your steps, or something of that nature.

This is a breadboard for an energy meter that really started as a request to us from the Ministry of Municipal Affairs and Housing to develop for them some method of measuring the energy flowing in the hot water system. That particular one will measure the energy flow, whether it be hot air, water or electricity. As a result of that development, the Ministry of Energy of this government asked us to build five or six of them for various demonstration housing units that they have around the country for solar heat developmental things. If I recall correctly, to date we have supplied them with something like 50 of these breadboards.

I think that pretty well covers the items which are there.

Mr. Sweeney: Excuse me. As an aside, I thought I heard the minister say something about a hockey stick.

Mr. Stadelman: That is right.

Mr. Sweeney: What is that all about?

Mr. Stadelman: We were asked to develop a cheap replacement blade for hockey sticks for kids and for general usage. I gather there were a lot of problems with flexibility, stiffness and that sort of thing. We developed this particular blade

for Hockey Stick Industries Ltd., which is in Quebec, and it has been quite successful.

Hon. Mr. Walker: You have the heart sensor there.

Mr. Stadelman: Oh, the heart sensor. You are all familiar with the heart pacer, which is an electrical device that is put under the skin with a lead that goes from that electrical device down to the heart muscle. That lead carries the electrical impulse to the heart muscle to keep it beating at the proper rate.

The problem was that the sensor in the heart muscle broke off at times; the fastening was not as good as they wanted. Dr. MacGregor of the Banting Institute said, "I would never listen to an orthopaedic surgeon at a medical conference. But since I was the next speaker, I had to sit through my friend Ian Macnab's talk on orthopaedic surgery." It occurred to him suddenly that this might have an application in his particular line of work. He came to us and we developed the porous tip on this lead.

This is the end that goes in the heart and this goes on to the pacer. It is the same material that is on this. The tip is put into the heart muscle. The muscle grows into the tip and gives a good, solid anchorage. They sold \$4 million worth of these things last year.

Hon. Mr. Walker: The short of all that is that the Ontario Research Foundation is one of the interesting models that we have for the other six technology centres. While its focus is research and the technology centres will be transfer, the ORF today has a budget where 80 per cent of its cost of operation is recovered from private enterprise on the basis of user fees. So it works out with some modest difficulties from time to time, but the short of it is that this amazing research facility, which is sort of an unsung hero, is available to all Ontario industry to have access to, plug in to and have its own native research facility. It has been around since 1928, when Howard Ferguson put together private money—I think a \$2-million fund; \$1 million in provincial funds and \$1 million in private funds—and established the first Ontario Research Foundation and that has really accomplished quite a bit over the years. As I say, 80 per cent is cost recoverable, so it is quite an accomplishment.

Mr. Sweeney: Mr. Minister, what—

Hon. Mr. Walker: I think we are in the middle of Al's question.

Mr. Sweeney: Okay. Go ahead.

The Acting Chairman (Ms. Fish): Right. And I do have a list. Did you have further questions?

Mr. Kolyn: Yes. I did not get a question in yet, but I will.

Hon. Mr. Walker: He did not get his question out. I interrupted him.

Mr. Kolyn: I talked to Mr. Stadelman last evening for a few minutes and we did go over the products that he just discussed. I understand that you are based in Oakville, Ontario.

Mr. Stadelman: That is right.

Mr. Kolyn: As I looked at your budget figures, I thought they were quite modest and I was very interested to hear the minister say you have a cost recovery of 80 per cent. That is a very high amount for any government agency.

Hon. Mr. Walker: Except Revenue.

Mr. Kolyn: What I wanted to ask you was that basically in all of these items, when the manufacturer comes to you—say, for example, that cement you made. One of the hard things in cement work is to put a thin coat on an old cement floor because it would not stick, or whatever the case might be. Once you had designed something like that, how do you evaluate what to charge? What goes into the costing?

Mr. Stadelman: The particular manufacturer with this problem will come in to us and we will discuss it with him to determine just how we might approach an answer. When we have figured out our method of approach—and developing the proposal is often quite expensive for us—we hand him a proposal which outlines what we intend to do, what it will cost and how long it will take. Then he decides whether to go ahead or not.

If he decides to go ahead, our basis of charging is the actual time spent by our various staff members on that job. Each staff member has a time sheet, which he fills out at the end of each day, assigning his time to a number of cost accounts. The cost account for, shall we say, Polyfix would have been such-and-such a number and then those costs are gathered together and billed to the company.

The basis of our costs is the actual salary—I guess I should say the actual labour cost because that is including vacation time and sick time proportionately—plus 139 per cent of our overhead. The overhead covers not only our depreciation which, if you look at our annual report, is a very significant portion of our costs, about 10 per cent—last year it was in the order of \$1,700,000, or thereabouts—but also the sales costs, etc.

He is charged for the total time spent on his

project after he signs that contract. The expertise that we need to develop to answer such things is obtained through the grant from this ministry. That money does not flow to any particular company, but it builds up our expertise and gives us our capability to meet the demands of industry.

1:40 a.m.

Mr. Kolyn: How many employees do you have doing the technical research and what type of employees are they? I do not imagine they would fit a mould. You would have to have diversified people.

Mr. Stadelman: Right, we have to have in our business a wide spectrum of capabilities. Of the something like 400 employees, about 300 are technical professionals, ranging from scientists and engineers down to technologists. I would say that of the 300, about 100 are professionals and the other 200 are technologists and technicians.

Mr. Kolyn: I have been interested in alternative energy for a long time, and the most economical alternative energy we have right now is propane gas. The problem with it is the distribution and how to get it into the tanks of cars. At present facilities are not as good as a servicing pump. If I was in the business of propane, could I approach the foundation and ask you to find out how we could fuel more than one car at one time from one tank?

Mr. Stadelman: Certainly, we would be quite interested in attacking the technical aspects of the problem. There would be commercial aspects in which we are not specialists. We look upon the commercial input to any program as very significant in anything like product development, because you have to have a product that meets a price that is acceptable.

Mr. Kolyn: How many customer-related jobs do you do in a year, on average?

Mr. Stadelman: The number of jobs would be in the thousands. I would say 10,000 or 15,000 jobs for customers. We had 2,100 industrial customers last year, that is, customers in the private sector. Of those, 50 per cent had fewer than 100 employees each. Of the larger manufacturing firms, with over 100 employees, last year we served one in three.

Mr. Kolyn: When a customer comes to you with a problem, do you ever turn him down because you feel you could not find a solution to his problem?

Mr. Stadelman: Yes, absolutely. We do not have expertise in all areas. That can be solved in several ways. We hire university professors to act as consultants on projects when we do not have that expertise within ORF. At times, we refer the customer to another organization that does have the expertise. For instance, the Saskatchewan Research Council is very expert in product pipelining of materials. We have no skill in that. So we would refer him to the Saskatchewan Research Council. We have a list of such people.

Mr. Kolyn: So you use other research councils such as the National Research Council in Ottawa for specific—

Mr. Stadelman: The National Research Council has been extremely helpful to us. It does much more basic research than we do. We are there to apply. We go to the council and draw on its basic knowledge to solve some of these problems.

Mr. J. A. Reed: Do you get many project assignments from government directly, from government ministries?

Mr. Stadelman: Yes, we do.

Mr. J. A. Reed: In other words, the government could have approached you regarding propane delivery equipment, but has not to this point, I take it.

Mr. Stadelman: I hate to answer that offhand. We have done a lot of work for this government and for the federal government and, incidentally, for the US government on the substitution of different fuels, such as methanol or ethanol, in the internal combustion engine, the diesel engine in particular. You may have seen one of our trucks that goes around on the road. It is a diesel engine. It has been modified to use methanol or diesel fuel, depending on the situation. That particular project was financed by the Ministry of Energy of this province, the federal Department of Energy, Mines and Resources and Nova Corp. in Alberta.

Mr. J. A. Reed: But you are not working on modernizing propane handling equipment at this point?

Mr. Stadelman: To my knowledge, no, but I could give you a specific answer if I had some of the—

Mr. Kolyn: No one has asked, that's all.

Mr. J. A. Reed: I lobbied the minister two years ago to update propane handling equipment, because it is so antiquated now. Obvi-

ously there is a very strong possibility that it could be done quite quickly.

Mr. Stadelman: There is a very large project in British Columbia on the very thing you are talking about. I have forgotten what the order is, a million dollars or so.

Mr. J. A. Reed: The need is great, so if the subject comes up you can make sure the opposition will support it.

I have one other question on a matter that intrigues me. Whatever became of the Hydroshear?

Mr. Stadelman: You know quite a bit about our business. The Hydroshear was the basis on which we got into the fuel substitution business. We had developed a Hydroshear, which is a very sophisticated method of making an emulsion that does not break. You can mix oil and water with our Hydroshear and the mixture will not break. One of the problems with diesel fuel is this separation. We approached the federal government saying we had an idea that could solve this particular problem and, as a result of that, we got some beginning contracts. The result of that work has developed until now on fuel substitution. We have a very large installation on that at present.

Mr. J. A. Reed: The Hydroshear was an internal project. It was not assigned from outside. I am just wondering if it has been picked up by private industry.

Mr. Stadelman: Yes, an American firm has the licence, but we retain the right to license anybody in Canada to manufacture it in Canada and sell it anywhere in the world.

Mr. J. A. Reed: Is that John Deere?

Mr. Stadelman: Oh dear, I have forgotten the name. It was an ultrasonic device and the company was an ultrasonic company.

Mr. J. A. Reed: Its potential is quite intriguing. Those are all the questions I have.

Mr. Stokes: I would like to say from where I sit and from my experience, the amount of money that is dedicated towards the purposes and the reason for the being of the Ontario Research Foundation is probably the best money any ministry or any government could spend. I have had the privilege of being out there on two or three occasions and actually took offshore delegations to it to look at the technology that was being developed by ORF and funded by the Canada Mortgage and Housing Corp. I have nothing but the highest of praise for what goes on at ORF.

I have a series of questions, some of which have already been answered in a more detailed explanation of what the tech centres are doing, but with reference to the IDEA Corp., from what I know, I think this ministry and this government are missing the boat in terms of an idea centre. Dr. Stadelman has said the foundation is more oriented towards applied research than basic research. I know of a good many things it has done that fit what you have described as the future for the IDEA Corp.

When I look at the report on ORF, and the opening comments made by Dr. Stadelman, they are really impressive, but, in some respects, there is cause for concern. Let me read a portion of what this report says. It is just a part and I hope I am not taking it out of context.

Hon. Mr. Walker: Where are you reading from?

Mr. Stokes: Mr. Davis stated: "Canada's research and development effort is recognized as being grossly inadequate. Ontario's performance is only slightly better. If we are going to remain competitive, we must make a major effort both to strengthen our research and development activities and to ensure that research results are carried through to commercially successful application."

11:50 a.m.

In that context, when I look at what you are asking for in this fiscal year, \$4,250,000 as opposed to \$4,220,000 in the previous year, that does not indicate to me that you are giving the kind to support that should be given to the Premier's statement.

Hon. Mr. Walker: Jack, it only reflects the amount that we are subsidizing. It does not reflect the overall budget of the Ontario Research Foundation, which is in the \$16-million range, and this year will be around \$19 million. The balance is recoverable from the first year.

Mr. Stokes: How much more is it in total this year than it was last year?

Mr. Stadelman: The estimates, I understand, contain only an increase of \$30,000.

Mr. Girvin: I can address that, Mr. Stokes. There was a modest increase relative to the ministry at large. In our most recent presentation to Management Board in requesting funding, the industry division, to show their interest in priorities relative to ORF, went after a certain amount of money, in which we were successful, getting a \$600,000 increase, which is not reflected in the statement, of which \$500,000 was given to

the ORF for upgrading of equipment. That is over and above. Therefore, 80 per cent of our additional funding was given to the ORF relative to the division of industry which is responsible for that payment.

Mr. Stokes: Let me ask you directly, Dr. Stadelman, how much more money do you have for this fiscal year than you had in the last fiscal year?

Mr. Stadelman: Five hundred and thirty thousand dollars. The extra \$500,000 that David Girvin mentioned.

Mr. Stokes: That indicates to me the degree of commitment that you are making to applied research in existing facilities.

Hon. Mr. Walker: That is in a restraint period, too.

Mr. Stokes: Come on. I can think of literally dozens of areas where you could have got significantly more funds to do something. The Premier states, and everybody in this room knows, that if we are ever going to achieve the kind of goals you talked of, we are going to have to commit significantly more dollars to research and development.

Hon. Mr. Walker: How does half a billion dollars sound? This is not in one year, but when you start adding up the commitments, \$120 million for the technology centres, the contribution to Allelix for the biotechnology—

Mr. Stokes: That is not research. Mr. Barnes just said so.

Hon. Mr. Walker: I would treat it in a category as being research.

Mr. Stokes: Let me go on. "The Board of Industrial Leadership and Development program offered a number of initiatives directed towards increasing research and development and nurturing high technology. It called for a new organization, the IDEA Corp., to co-ordinate the research and development components of Ontario's technology strategy." Why did you not build on something that was obviously extremely successful, rather than going out and getting something—there may be an overlap, they may be working in tandem, but with an organization like ORF, that has obviously proven itself beyond doubt, why did you not build on that, rather than a new IDEA Corp.?

Hon. Mr. Walker: The IDEA Corp. has had \$17.5 million awarded to it for a period of—

Mr. Stokes: Give it to Stadelman.

Hon. Mr. Walker: They may well do that. They have the right to engage the kind of

services that will see generated the needs that they determine. There is cross-pollination on the boards between ORF and the IDEA Corp. They are interwoven in a very strong way. Indeed, Mr. Ostry is a member of the IDEA Corp. and so provides some additional cross-pollination as well.

But there is \$117.5 million to the IDEA Corp.; \$17.5 million of that—

Mr. Stokes: And you could muster only \$500,000 for something that is obviously a world success.

Mr. Girvin: Mr. Stokes, it was 80 per cent of what we got, and a net new, which shows a pretty strong level of commitment in relation to both the process and the civil servants recognizing the role of the Ontario Research Foundation. If the amount that was up was \$600,000 and \$500,000 was distributed during a period of constraint, it does show a fairly strong level of commitment to the activities of Mr. Stadelman.

Hon. Mr. Walker: I want you to know that I am delighted to have proposals put to us by the opposition that would see us increase the amount of contribution to a particular area. I welcome the support, so do not take any of that away.

Interjections.

The Acting Chairman (Ms. Fish): Order, please. Mr. Stokes, you have a further question?

Mr. Stokes: I want to talk about the performance grant component, because obviously there is a deficiency there. You say: "The declining effectiveness of the performance grant must be viewed. The grant, which represents 33 per cent of total revenue in 1976, represents only 25 per cent in 1981. During this period the performance grant, including the capital portion, has declined by 13.5 per cent in terms of constant dollars. During these years the government of the province quite properly instituted a policy of restraint." Then the bottom line is, "It is imperative that the performance grant be restored to its former effectiveness, between 30 and 35 per cent of total revenue."

If I am not only a little bit sceptical but even cynical of the figures you have just trotted out to me, when I see something working so well and you are cutting back on the overall constant dollars for something that is obviously so worthwhile, it is because I question your commitment to research and development, in particular in applied research for an organization that is obviously as effective as this.

I want to find out something in specific terms.

This is not something for Dr. Stadelman, but it is for the minister and perhaps for Mr. Ostry.

At Lakehead University, we have a centre for regional development that is doing research primarily in the resource sector, and they have brought on a number of people to look after specific projects. It is headed by a Professor Ken Dawson at Lakehead University. I could share a copy of this with you. I wonder if you see your role as co-ordinating all of those dollars that are going into a variety of research projects and packages across the province to make sure we are getting the biggest bang for our buck.

Seven or eight years ago I talked to Dr. Stadelman about starting a satellite operation, under the wing of the Ontario Research Foundation, in northern Ontario, to be specifically oriented towards developing new products in the north surrounding indigenous resources. I know of one where you were using tree wastes and lignum for binding the coating that goes around iron ore pellets, a substitute for bentonite down in the United States. There could be this kind of applied research to use more of what we waste to satisfy a domestic need instead of us having to go abroad.

Maybe I am thinking out loud and asking you what kind of co-ordination there is. As I say, there is a significant amount of money, almost as much as you say your commitment is. The amount for projects in 1980-81 associated with research at Lakehead University was \$277,919. I suppose one would say that in the overall scheme of things this is not a lot of money, but perhaps there could be co-ordination between what ORF does so well and they could act as an umbrella to complement what is going on up there. Unless somebody comes and knocks on ORF's door, they do not even know there is a problem. Yet we know that literally millions and millions of dollars are lost because something is being wasted there, something we could use to satisfy a need.

12 noon

When you talk about what is going out the stack at Sudbury, there are millions and millions of dollars in sulphur dioxide, which could be converted into something that is socially and economically useful. When you look at the deposit of phosphates in Cargill township, south of Kapuskasing, it is one of the best deposits of phosphates anywhere in North America; it is very high grade. One of the problems was that in looking around for sulphur dioxide or sulphuric acid to process that phosphate into fertilizer, it was found that there would be a shortage,

because Kidd Creek has committed to another user, and to the extent that Inco recovers any that is going up the stack that is committed.

So it is a problem for us, but we could turn a problem into an advantage by developing, for example, scrubbers or electrostatic precipitators. A lot of these things are problems. I know that even in the pulp and paper industry we have two of them in my riding under a program from the Ministry of the Environment, which is saying, "You are going to have to clean up your act," with respect to suspended solids, phenols that are going into our water courses and fouling up Lake Superior, for instance.

Lake Superior is the most pristine body of water, I guess, anywhere in the world, and we are rapidly polluting it. This is where we could turn a problem into an advantage by saying: "Okay, what is coming out develops into foam and is going into Lake Superior. Let's analyse this stuff, see what is in it and see whether we could put it to some productive use." This is the kind of thing I can see ORF getting into.

I do not know whether we should have a satellite ORF in northern Ontario to look after these things, but I think they should have the funds to get into those and turn a very serious problem into an advantage. I would like to see ORF even ask that question and see whether they can come up with an answer.

Hon. Mr. Walker: There are several aspects to the observations you posed, and in response to them, going back to the very beginning about Lakehead and how its IDEA centre can fit into the overall scheme of things, first, the resource centre that we are establishing in Sudbury has many important functions I want to touch on just in a second.

George Harrower, the president of Lakehead is on the advisory board of the resource centre and he will continue on to the permanent board of the resource centre. There are four specific functions of the resource centre.

1. Research and development program funding will be offered on a shared-cost basis for programs meeting specific criteria.

2. Economic and market analysis will back up the R and D program funding by submitting research projects to rigorous feasibility testing and offering a unique resource machinery market information capability.

3. A communications program will acquaint potential resource centre program participants with the centre and its role while encouraging the flow of candidate research projects.

4. Advisory responsibilities of the centre will

be carried out by the president and board and will ensure a close working relationship with the ministry.

The centre we are proposing to be centred at Sudbury will have tentacles, although not physically located, throughout the north and will try to resolve problems and achieve successes in areas that you have addressed. In many respects it will be a mini IDEA Corp. It will have many functions not unlike the IDEA Corp. It will act as IDEA's representative in the north. It will plug into IDEA's resource bank facilities and abilities down here. So there is that aspect of it.

IDEA will act as the overall umbrella on the issue of research. That is where it will relate very strongly to the Ontario Research Foundation. IDEA not only will relate to the direct research in which it is involved, but \$17.5 million of its money will be used as direct supplement to university funding. In other words, they will fund projects within a university that need to be brought into commercialization. So that will be one purpose.

The other \$100 million that IDEA has over five years will be used in a leverage fashion; it will be increased involving some private monies, but it will be used totally for the venture capital and funding a project to bring it into being, while taking some real risks with some of the projects and real venture approaches.

IDEA will have a very close liaison with what is going on at the universities. Today the Minister of Colleges and Universities (Miss Stephenson) allocates something like \$1 billion to university funding across the province. It is thought that basically 20 per cent of that money—Bernie is saying to me it is 25 or 30 per cent of that—is research and development allocations within that funding. So we are looking at \$200 million to \$250 million relating to direct R and D funding.

The IDEA Corp. intends to get a handle on that and to have some relationship, co-ordination and co-operation with that kind of funding so that, first, it knows where all the research is going in the province and, second, to have its own direct involvement with research. Then it will perhaps take that research idea and run it through a technology centre to have that technology centre then bring it into process. The technology centre will go out to find somebody to take the process to put it into being. So there will be a strong, interwoven relationship and ORF will play an integral role in all of that.

It has been the success model, ORF has. It has been a true success, as you described today, and

it is one that is well known. That success model not only is being applied to the other centres but also is being applied in a very strong way as a integrated relationship with the other centres. All those are being brought together with the intention of having the finest handle we can possibly get on research and the finest possible research that can be provided.

Mr. Stokes: Will you comment on the performance grant? I want you to comment specifically on something that is in your report. You say that in conjunction with Monenco Ltd., a study was conducted on the potential for peat development in Ontario. I am going to Quebec with two other members of the House tomorrow to look at a peat engine that is going to be operated in tandem with a diesel generator to produce energy from peat on Anticosti Island. I find it ironic that we should have to go down there to look at that.

By way of comparison with what you have done in conjunction with Monenco, can you bring us up to date so I can tell the people in Quebec what you are doing?

Mr. Stadelman: At the moment I know we are working with Montreal Engineering Co. on the various aspects of the utilization of peat as an energy source. What the precise status of it is at the moment, I do not know. Some of it is being financed by the Canadian International Development Agency. However, I will drop you a little note tomorrow or give you a call to bring you up to date with what we are doing with Monenco.

12:10 p.m.

Mr. Stokes: I am leaving at 8:15 a.m.

Mr. Stadelman: I can give you a call this afternoon.

The Acting Chairman: Thank you very much. I wish to advise members of the committee that there are three members, Mr. Wildman, Mr. Sweeney and Mr. Kolyn, who wish to ask further questions on this vote.

We had hoped to complete vote 2203 today, but doubtless we will be unable to. The member for Algoma has indicated that he does have some questions there. I will turn now to the member for Algoma.

Mr. Wildman: I just have a short question here. I am referring, for the help of the staff, to page 2-8 in the briefing book, vote 2202, item 3, small business and field services. It appears to me there has been a cut in funding in your estimates. You have gone down from last year—

Mr. Sweeney: Your question has nothing to do with Ontario Research Foundation then?

Mr. Wildman: No, it does not.

Mr. Sweeney: Can I have one—

Mr. Wildman: It is on this vote, though.

Mr. Sweeney: We are going to be finished with ORF. I have one brief supplementary.

Mr. Wildman: Fine. Go ahead.

Mr. Sweeney: The minister spoke earlier about the need for technology transfer. I would like to know from ORF how you deal with the balance, if you will, between the client relationship with respect to some of your projects and your ability to provide for technology transfer with some of the things you discover, explore or whatever the case may be. How do you maintain that balance? On the one hand, how do you keep the private client relationship and on the other hand be able to transfer that technology in other ways?

Mr. Stadelman: In our relationship with our clients we look upon ourselves as being the potential research and development arm of all companies that do not have an R and D facility in the province, which is 95 per cent of them. We try to act as if we were their arm when they hire us. We give them the complete and total rights to all the technology developed.

Naturally, when you develop technology for a firm there is always a certain residual general technology that you will retain. If somebody asked us to do some other aspect of a glaze, our general knowledge would be available for that.

Mr. Sweeney: Therefore, you do not surrender your right to continue in that area.

Mr. Stadelman: What we say to the firm is: "Here are the reports. Anything in there that is patentable is yours." We retain the rights—as all professionals do—to the general knowledge that we obtain from doing the work for another person. So we use that knowledge over and over again. That is why, if a firm goes away with its patent rights, we have another policy. We will not undertake the precise same problem for a second client within, I think, three years if it is the precise same problem.

Mr. Wildman: I was going to ask a question regarding the figures on the industry division, but Mr. Ostry has just clarified that for me. I understand that the reason for what appears to be a cut is really the reorganization that is taking place.

Mr. Ostry: Trade is purged out of it.

Mr. Wildman: I suspected that might be the reason. I was wondering whether the minister or any of his staff could comment on the case that both Mr. Sweeney and I raised in our opening remarks, which coincidentally was mentioned in the newspaper.

Hon. Mr. Walker: ADM?

Mr. Wildman: Yes.

Hon. Mr. Walker: That is ODC.

Mr. Wildman: It is not just ODC as far as I can see. Sure, they were looking for funding; I realize that. But at least in my understanding of the small business and field services area, this is the kind of thing that branch should be involved in, giving advice to managers in this kind of situation.

Mr. Girvin: That is a fair question. I believe the original question was addressed by Mr. Sweeney in his opening comments.

The Ministry of Industry and Trade's field staff had a fairly substantial dialogue and series of meetings with the individual. Mr. Croll, the chief executive officer of the Ontario Development Corp., and I agreed to meet with Mr. Sweeney to give him the specific details so we would not betray any confidence of the client group. Mr. Croll and I would be happy to extend the same meeting we participated in with Mr. Sweeney to you.

I think there are some details in the case that might be quite enlightening relative to the end situation, but we regret the result as far as the potential demise of that company is concerned.

The Acting Chairman: Mr. Kolyn?

Mr. Kolyn: My question has been answered by the minister.

Mr. Sweeney: I have one question on energy projects, item 6.

The Acting Chairman: For the committee's information, I have been taking the speakers' list for all questions respecting vote 2202 and its subcategories; so, members, please feel free to so indicate. Mr. Reed.

Mr. J. A. Reed: In the 1980-81 estimates, there was a budget of \$460,000 on energy-related topics and none of it was spent. In 1981-82, we do not know whether that money has been spent, and now you have estimates for 1982-83 of \$483,000. Could I have some clarification on that?

Mr. Girvin: As you know, the direct operating expenses are funded through the estimates process and the budget of the Ministry of Energy. Because we have the interface with the

private sector and the field course, we do administer some of the programs on their behalf. On this specific question, we supply the people, the personnel and our operating overhead, where the actual direct dollars are recaptured with the Ministry of Energy.

Mr. Sweeney: It looks as if you have figures in here but you are not spending the money, that is the problem.

Mr. Girvin: The Ministry of Energy took that money and allocated it, and I do not know where it went in that particular case.

Mr. J. A. Reed: So you actually turned that money over to the Ministry of Energy. Would that show in its budget?

Mr. Girvin: No. Since the initiative for the distribution was initiated two or three years ago by the Ministry of Energy, there was an arrangement, with a phase-in included. For the first year the ministry would pick up salaries, wages and benefits for the staff members relative to the Energy group. In the second year, it would pick up 50 per cent and we would pick up 50 per cent. In the third year, we are responsible for funding that project.

In a quick answer, there is a phase-in aspect because of the Ministry of Energy's concern that it would get appropriate distribution with the private sector through the ministry. That is just reflective of the transition agreement we have between the respective ministries.

Mr. J. A. Reed: I understand. I just have one other little thing here.

I notice in your program delivery description, on page 2-22, there is a bit of an explanation regarding vote 2202. It says that program delivery includes "evaluation of and ensuring the transfer of advanced technology in the energy field." I am really interested in that, especially as it relates to the Ministry of Energy. I wonder where one stops and the other begins or how you relate to each other so you are not either duplicating efforts or involving yourselves in activities that are the understood purview of the Ministry of Energy.

2:20 p.m.

Mr. Girvin: First of all, since the funding and the direct operating expense is with the Ministry of Energy, obviously there is a built-in, very

close relationship, because it is interested in what our targets are and how we are delivering.

Mr. J. A. Reed: To whom are you delivering the advanced technology in the energy field? Is it available to private enterprise? Is it all internal?

Mr. Girvin: It is, as stated, evaluation. Sometimes we use the Ontario Research Foundation to determine the validity of a project. We have been involved in the potential relative to electric vehicles and have had very substantive work done on that both inside and outside the ministry and in concert with the Ministry of Energy. We have done some work in the area you have expressed a great deal of interest in, propane.

If a project coming in from our field force has an energy-related aspect to it, either in conservation or broadening the utilization of fuels, we will provide evaluation. It is not necessarily a straight venture capital funding aspect, but an attempt to get an objective evaluation of the merits of that proposal.

Vote 2202 agreed to.

The Acting Chairman: I draw members' attention to the clock and seek direction as to whether it is the committee's wish to begin discussions on vote 2203, or would the committee prefer to hold that over until tomorrow evening?

An hon. member: Hold it over.

The Acting Chairman: Mr. Wildman, you are the person who has indicated you have questions at this point.

Mr. Wildman: I have a question regarding what actual growth we are looking at, but I think we can deal with that next time.

The Acting Chairman: If we do put vote 2203 over until tomorrow evening, that will mean we will deal with both vote 2203 and vote 2204. The clerk informs me that tomorrow night, if we adjourn at this point, we will have technically two hours and five minutes remaining on the estimates. But in the general spirit of co-operation of this committee, I suggest the chairman would likely view the whole two and a half hours as being available for a discussion if we find we have some soft time and some additional questions. There will be two votes, then, tomorrow evening.

The committee adjourned at 12:21 p.m.

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From the Ministry of Industry and Trade:

Barnes, P. H., General Manager, Co-ordination and Development, Technology Centres

Girvin, J. D., Assistant Deputy Minister

Stadelman, W. R., President, Ontario Research Foundation



Ontario, LEGISLATIVE ASSEMBLY

No. R-33

Legislature of Ontario Debates Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Industry and Trade



Second Session, Thirty-Second Parliament
Thursday, November 25, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, November 25, 1982

The committee met at 9:17 p.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE

(continued)

On vote 2203, trade division program:

The Vice-Chairman: I see a quorum and I call the meeting to order.

Mr. Wildman: Mr. Chairman, I have a question I was going to raise at the end of last session. I did some figuring, and taking inflation into account, I concluded that the target of doubling exports in five years would mean a real growth of about 10 per cent each year. I would like to know if that is agreeable to your projections; and if it is, what particular sectors you believe we should be concentrating on in order to increase our exports at that level. Ten per cent a year is quite a high target.

Mr. MacDonell: Mr. Wildman, the figures involved in the \$60 billion target were in current dollars, as always when we refer to trade statistics. We have assumed that world trade will grow with an inflation rate of about seven per cent and a real growth of approximately three per cent. If we start with the 1981 actual figure of \$34 billion, on the way to the \$60 billion target inflation would account for \$17 billion and our real growth would be \$9 billion spread over a six-year period from 1981 to 1987 inclusive.

That would give us about \$1.5 billion in extra sales every year in total. That would require us to grow slightly faster than our predicted growth of world trade, which by 1987 would be \$3.5 billion. That is the makeup of the inflation component.

Mr. Wildman: What sectors are going to have the greatest growth over that period?

Mr. MacDonell: We have some very fast-growing sectors. We have divided our growth into three major sectors: the producer sector, the resource material sector and the consumer sector. The capital goods export side of it is growing at an average annual growth rate over the last five years of 25.1 per cent.

Within that sector, things like commercial equipment are growing at an average rate of 41 per cent, aircraft parts at 40.9 per cent, and

office and store equipment at 26.9 per cent. We have some very fast-growth sectors in this group. The resource-based export industries are growing at the rate of about 14.7 per cent. They are doubling about every five years. The consumer goods export group is growing at about 5.9 per cent, but that includes the slowdown in motor vehicles which we anticipate will begin to pick up in a couple of years.

Mr. Wildman: So you expect the export growth will be led by resource exports?

Mr. MacDonell: No, I am sorry, I did not mean to leave you with that idea. Our growth will come from capital goods such as industrial chemicals, miscellaneous machinery, iron and steel, office and store equipment, commercial equipment, aircraft, scientific equipment, steel pipes and tubes—that is an interesting one, growing 35 per cent per year and doubling nearly every second year—electronic industrial equipment and wire products. Those are the very high-growth industries.

When we made this analysis, we were a little surprised ourselves that they outpaced our resource-based export growth rates.

Mr. Sweeney: That is for Ontario, not for Canada?

Mr. MacDonell: That is for Ontario.

Mr. Laughren: Mr. Chairman, I am pleased to be here this evening. It is interesting in the Legislature this evening as well. We're on the vote on trade and I'm very interested in the whole area of trade. One of the things I feel most strongly about is the whole question of import replacement, which has a very direct bearing on trade.

I know my colleague the member for Algoma (Mr. Wildman) has dealt with that. In view of the very serious problems we are facing in northeastern Ontario, I hope you will allow me to be somewhat parochial this evening in talking about the problems in that part of Ontario.

The problems are serious. The problems are not short run and they are not going to go away when Falconbridge Nickel Mines Ltd. starts up on January 3 and Inco Ltd. starts up on April 4 because there is a permanent reduction in the work force in the community. Neither I nor

anyone else in my caucus that I know of has ever suggested that either company should have a greater work force than makes sense to produce the ore they need. It is not a question of their keeping on personnel they do not need. That would be downright silly. What bothers us a great deal in the area is the lack of any kind of substantial program to turn around imports into the northeastern part of Ontario.

Trade also occurs within this country and within this province, just as it does over federal boundaries and borders. We have a very serious problem in the Sudbury area, for example, of importing a lot of things we should not import—some of it from southern Ontario, some of it from other parts of Canada and some from other parts of the world.

That is where I find the government particularly weak in policy. I do not need to go into great detail with this minister on the problems of the mining machinery. Today I received an invitation to attend the opening of the Ontario Centre for Resource Machinery in Sudbury on December 15. The ceremony will not be held in a resources machinery factory because there is not going to be a resources machinery factory in Sudbury. It will be held in a local hotel. Whether that opening ceremony was held this December or next December, it would not be held in a new resources machinery factory in Sudbury because there will not be one.

From the plans I have seen of the resource machinery centre, it is not designed to produce any machinery that is presently being imported from other parts of the world. Not a stick, not a piece of machinery is to be produced there. It is to be a co-ordinating effort, a marketing apparatus to pull people together, to investigate opportunities for production and so forth. That in itself is fine. We cannot argue with the need to do those things, but we want to know why we do not have a place to manufacture mining machinery in the works.

The silliest argument of all is the one that has been put forth by the federal Minister of Mines. She said there is a cyclical downturn in the mining industry. What a specious argument that is! Surely one does not produce machinery at the top of the cycle and not produce it at the bottom of the cycle. What a nonsensical argument! Some of us have faith in the resources industry of this province that we are going to produce and export resources for a long time. We hope we will refine them more than we are now, but what a silly argument to make.

By the time they could ever even get to

producing the first piece of machinery, most of us would agree we will be out of the bottom of the cycle. Certainly our provincial minister agrees that we will not be—

Mr. Stokes: He is predicting a 2.5 to 3.5 per cent growth.

Mr. Laughren: He has more faith in the system. He is not one of these gloom and doom people who thinks we are down at the bottom and we will stay there forever. I hope he has some optimism and faith in our economy.

I would like to know from the minister, what are we not producing machinery? Why are there not plans in place to produce some mining machinery? It is obscene what we produce in mining machinery. To be third in the world in the production of minerals and to be first as an importer of mining machinery is obscene. It really is. It is economically obscene and it may even be socially obscene.

For years we have been crying and yelling and screaming and pressing the government about this. What do we get in return? We get a resource machinery centre which is not going to produce any mining machinery. Is that a serious response to a serious problem? The private sector was going to go in and produce some mining machinery. The province agreed to go. The previous minister agreed there would be money going in there. They would work with the private sector to produce mining machinery.

Then the federal minister got involved and said, "I want a piece of the action," and it got screwed up from that point on. The federal Liberals from North Bay and the provincial Conservatives from North Bay, I might add, said, "Wait a minute. You're going to hurt the Jarvis Clark Co. Ltd. operation here in North Bay." Have you ever heard a sillier argument in your life?

We could produce mining machinery in every major municipality in this province and we need not duplicate what is being done in North Bay. But, no, they made that stupid argument—and there is no other word for it—and the government has gone along with that, strangely enough. You bought those arguments and you really do give us pause for thought in the Sudbury area.

I will be at that function in Sudbury on December 15. I will be there, but please do not ask me to sing your praises. Do not ask me to say a few words at the opening ceremonies. There is very little danger of that anyway. I understand that because I might have to remind you and the people in attendance about what could have been done, compared to what is being done.

ould be less than honest with you or anybody
e if I did not make that point if I was on my
et at the ceremonies. So I would ask you to
nk twice before you ask me to say a few words
at ceremony.

90 p.m.

ine machinery is one area where we believe
ere is tremendous opportunity to give Sudbury
ew lease on life, and not just for the Sudbury
ines. For heaven's sake, there is tremendous
portunity to export the machinery we build.
he opportunities in the west for open-pit
velopments and so forth are just absolutely
ormous; yet we are not there. We continue to
port machinery from little places like Finland
d Sweden, places that do not have nearly the
source base that we do.

I find the government's actions very sadly
lking in a serious response to mining machine-
i. You can put on these little trade shows or
le shows about the resources machinery
velopment centre that is going to aid in the
marketing of mining machinery and explore
w opportunities for manufacturing, but you
e not there where it really counts, and that is
te production of mining machinery.

I know you are non-interventionist—you must
ve some interesting discussions with your
puty sometimes—and you can rely, if you
le, on the private sector to produce mining
achinery. We have relied on them for 100
ears and they have not done it. I would like to
ar from you what leads you to believe that
ey are going to change their tune in the next
w years.

I can remember, in this same room, we had
leo and Falconbridge before the select com-
rttee. The minister was a member of that
lect committee on the layoffs, if I recall. Yes,
I was. By golly, I am glad I remembered that.
The minister heard Inco in particular state that
ining machinery was not its responsibility. I
ppen to agree with them. I do not think it is up
t Inco or Falconbridge to produce mining
achinery. I have never believed that.

But what did they also say? They also admit-
d they had interlocking directorships with
ining machinery companies elsewhere. They
e certainly not going to be worried about
discouraging new Canadian development in
ining machinery. Why should they? They
ve a very nice working relationship with other
ining machinery manufacturers elsewhere. A
re relationship is known as interlocking direc-
torships, and the minister knows that.

If the private sector does not have the respon-

sibility to do that, then surely government has
the obligation to provide some leadership in
that regard. That is all I am saying. If the
government would provide the leadership to
encourage the private sector to do it, I would
not be here making these remarks. If the
government had said it would go into joint
ventures with the private sector, I would not be
here making these remarks. If the government
had said it would set up a crown corporation to
do it, I would not be here making these remarks
either.

The government has done none of these
things. It is 1982, and the percentage of mining
machinery that we import has been steadily
increasing for as far back as I can recall. If there
has been a reversal in that trend, it is extremely
recent, like this year, because it has been going
up steadily. Yet the government sits back and
does nothing about it.

I know the minister has a policy of non-
intervention, but I thought with the previous
minister, who did not have the same kind of
fears and—

Mr. Wildman: Ideology.

Mr. Laughren: —ideological hangup and did
not have the kind of sectarian straitjacket that
this minister does, there was a possibility it
would happen with him. With this minister, I am
not so sure it is even possible, but I hope that he
will not just dismiss it, saying, "Well, if the
private sector will not do it, it obviously does not
make sense." That is not appropriate.

You could use that same argument with rent
controls, and I know the minister supports rent
controls in Ontario, controls which were imposed
by his government. You cannot make the argu-
ment that the government should not be involved
in the private sector like that when obviously
the government believes it should be. There are
all sorts of examples—medicare, for heaven's
sake. I will not even mention Suncor because I
would not want to muddy the waters.

I would urge that the minister rethink what is
happening with that mining machinery devel-
opment centre. I could be wrong, but I saw a
report—and I do not think there was any
significance to the fact it was in a brown paper
envelope—that said it would be 10,000 square
feet. I use to manage a retail store that had
10,000 square feet and all we sold was notions.

Interjection

Mr. Laughren: Sewing supplies and stuff like
that.

Mr. Kolyn: I wondered where your expertise came from.

Mr. Laughren: We did a good business too. Despite what you people sometimes claim, that none of us have any business experience, some of us have had. To think that you can manufacture machinery in 10,000 square feet is absurd.

Mr. Stokes: You even made a profit and didn't think it was a dirty word.

Mr. Kolyn: You said that.

Mr. Laughren: We had a very good operation. Interjections.

Mr. Laughren: I've had strange notions ever since. Is that what you said?

Hon. Mr. Walker: I forgot, but I'm interested in your admission.

Mr. Laughren: Yes. About strange notions? Oh, yes, I don't deny that? Some of them have even been called kinky.

Mr. Mitchell: You said it.

Mr. Laughren: You have to advertise in this business.

Anyway, that's one area I wish the minister would take a new look at. Take a serious look at that whole question of mine machinery. I know it's not new; I know you might get bored with us coming back at you again and again. I personally believe we wouldn't even have the resources machinery development centre if we hadn't been coming back at you again and again. Maybe if we keep doing this, some day we will be manufacturing a substantial amount of mining machinery in Sudbury. There are some parts and so forth produced there now, but it is not what I would call a mining machinery complex that has had a real impact on the market.

The other area is the whole question of food processing and agriculture. This ties in with this particular ministry. I have had people sort of look at me with disbelief when I talk about—like the expression on Mr. Mitchell's face right now—food processing.

Mr. Mitchell: Kinky! You surprise me, but at least it is an admission of something.

Mr. Laughren: I am very open and candid about those kinds of things. Don't push me though. There are limits to what I should say.

When we talk about the Sudbury basin, people sometimes do not appreciate the potential in that area for either tourism or for agricultural development, to use two obvious examples. There is enormous potential there. This ministry could have something to do with food processing in that area.

We know the imports in food processing and we know they are very substantial in the province. There is a tech centre established for that and I appreciate that, but I doubt that the ministry will see the Sudbury basin as being an area for growth in food processing, and it's there. The amount of imports we have into the Sudbury basin on processed foods is really mind-boggling. There is a great deal that could be done in that regard.

It will not be done unless this ministry takes a serious look at it. Perhaps the tech centre in southwestern Ontario—what town is it in Chatham?

Hon. Mr. Walker: Which one?

Mr. Laughren: The agricultural food processing centre.

Hon. Mr. Walker: Chatham.

Mr. Laughren: Perhaps there is a way the centre could be used to take a look at the Sudbury basin.

If we are serious about diversification there in a way that has not been looked at before, the I do not think diversification should all be zeroed in on resources in a community; the keeps us locked into that cycle. There are enormous opportunities there. I do not even know how great they are, but I think we could take a look at the centre at Chatham and see what is possible.

9:40 p.m.

I know we have lost a lot of jobs in the Sudbury area. I believe that in the last 10 years there has been a 50 per cent decline in the number of food processing plants in the Sudbury area, from 24 to 12, with the loss of 300 jobs. That may not seem like big numbers but they are substantial in a community like Sudbury. I have nothing to do with the decline in the resource industries, but it has to do with the decline in food processing. We have lost about 80,000 acres of agricultural land in the area too. Believe it or not, we have some beautiful agricultural land in the Sudbury area. We have grown world championship potatoes.

Hon. Mr. Walker: Best potatoes in the world.

Mr. Laughren: That is correct. This summer the region was digging up the topsoil and using it to fill up a park in Sudbury. I was very angry about this because they were taking what I thought, and I don't know much about agricultural land, was some of the best land in the basin for topsoil for a park. I phoned down here to

soil division of the Ministry of Agriculture and Food.

The person to whom I was talking got out maps and was looking at the maps of the Sudbury basin. As I was describing exactly where it was in the Sudbury basin, what part of the basin, this person's voice got more and more excited as he was zeroing in on his maps down there and I was describing it to him from Sudbury. Finally, and I won't use his exact phrase because it was unparliamentary, he said: "My God!"

In northern Ontario there is no class 1 agricultural land, none, because of the climatic factor. Class 2 is the best classified land there is in all of northern Ontario. They were taking the topsoil off class 2 land, the best land in northern Ontario, and putting it in for a municipal park. I find that offensive. It's fine to say that they were not growing crops on it, but that is no way to protect agricultural land for the future and to make us more self-sufficient in the years to come.

I would hope that this tech centre that you are talking about in Chatham, and I do not know if that is its mandate or not, could broaden its horizon and take a look at a situation like Sudbury where we are desperately looking for ways, really groping, to diversify and to give us a different kind of base.

It is a major community and it cannot be allowed to die. There is too much at stake, too much public investment in the community. This is just one way. I would not tie a whole star to it, but it is an important area, and it may seem strange to come to the Ministry of Industry and Trade for this, but I think it is appropriate because of the food processing end and because of the imports in food processing.

There is another area, and by the way, I should plug you in to what I am really doing here. My colleague the member for Sudbury East (Mr. Martel) and I presented a document to the region, and to virtually everybody that moves in Sudbury, called A Challenge to Sudbury, in which we had eight points. I don't know whether the minister got a copy. No. We were negligent in not sending you a copy and we should have.

We said these were the ways in which we wanted to rebuild the Sudbury economy, and here were eight of them. Four of them were attached to the existing resource. That is why I was really angry about your opening statement when I saw that statement on page 2 or 3 in which you said you wanted to further refine the

resources, when we have been just screaming at your fellow ministers to do just that. Then to see it in your statement and to know that it was a hollow statement and that there was no intention of the Minister of Natural Resources (Mr. Pope) or the Treasurer (Mr. F. S. Miller) or the Premier (Mr. Davis) or anybody else changing that, I really was personally offended by that.

I hope you will respond to that because it is not fair to make it as a general statement when there is no policy attached to it. I really think that is unfair and I hope the minister will respond to that because we do find it very offensive when we have been yelling and screaming about that and nothing happens.

Anyway, it was an eight-point program. Four of them were in new areas. One of them was food processing. By the way, we tied resources machineries into the existing resource things. In the new areas, one was food production and food processing. Another one was energy conservation, where we believe there needs to be a major program of energy conservation. I am not sure that ties in with this ministry, so I won't dwell on it. I think that is more the Ministry of Energy.

There are two areas that do tie in very closely with this ministry. One is a health care import replacement program. While I don't know all the details on it, I know the Ontario government has a program looking at health care import replacement. What we are saying is that there is now an excellent opportunity to have a piece of that action in a place like Sudbury. It does not all have to be in southwestern Ontario or southeastern Ontario or Toronto. There is no reason why a major municipality like Sudbury could not have a part of that action, to actually produce those products. I think about \$800-million worth of health care products are imported into this province in every year. There is enormous opportunity there.

Many of those products, coincidentally, are made of stainless steel and tie in beautifully with nickel. I am not suggesting that it would take a major share of Inco or Falconbridge production; that is not the point. The point is there is tremendous opportunity to do some actual manufacturing of a product, and not just for the Sudbury area. I wouldn't suggest that. It would have to be designed for distribution in Ontario and the rest of Canada. I wish the ministry would take a look at Sudbury as a potential base for that.

The fourth area is a much more diversified one, that is, institutional import replacement.

We buy an enormous amount of products for our public institutions. I don't know whether the minister was in the Legislature last spring when the member of the Liberal caucus from Prescott-Russell, Mr. Boudria, made an excellent presentation on a private member's resolution on buying Canadian. The member for Cambridge (Mr. Barlow) introduced a private member's resolution about buying Canadian. Mr. Boudria stood up and did a devastating job, I thought, in which he laid out a wide array of products bought in this building, in our offices, that could be or are manufactured here, but which were all made in another country.

I was very impressed with that presentation. It was a good example of the contradictions out there, the lack of co-ordination. Here we have this "buy-Canadian" campaign and yet our own offices are not buying Canadian, they are buying somewhere outside this country.

There is an opportunity here, just as there is in the health care import replacement program, to establish what we call institutional import replacement for products that are bought for public institutions, whatever they might be. I think there is an opportunity there as well for this ministry to have a major role.

I don't think you have a centre or anything similar to look after this kind of problem. You have a buy-Canadian program, I understand, but I don't think there is any mechanism. Perhaps the minister, when he responds, can tell me if there is. There is no crown corporation, there is no tech centre, there is nothing I know of that would do that.

I would urge the minister to think seriously about that. There is enormous opportunity there. I have believed for a long time that while one obviously encourages exports, the potential for replacing imports in this country is mind-boggling. I think our deficit on manufactured goods in this country last year was something like \$22 billion.

Hon. Mr. Walker: Nine billion dollars.

Mr. Laughren: I will cease my remarks, but I hope the minister will look at the Sudbury basin through new eyes, without previous disabilities that have been attached to the area. We are not simply a big mining camp. We are a much more sophisticated community, and likely to be more so, than many people believe we are.

I take offence when I see my own regional municipality passing a resolution, which it did last spring, to spend \$78,000 on an image improvement campaign. I always believe the image will improve when the reality improves.

You can't kid people. I would much rather see money go into substantial ways of diversifying the community rather than some razzmatazz. It doesn't really fool anyone.

9:50 p.m.

I suspect that a lot of the people with whom the minister feels very comfortable, the private sector, would not find fault with many of our suggestions, would not see it as an encroachment on the traditional turf of the private sector. If the private sector leaves a vacuum there, it has no right to complain when government moves in. If they are doing it and you push them aside, I can see why they would complain. If there is a vacuum there, and you fill that vacuum, you tell me how they can have any right to complain, if there is a need for it.

I am not talking about make-work projects. It is very hard for us as opposition members, particularly in a community that is hard hit like the Sudbury community—I don't expect sympathy from you because politics is a hard-nosed game—to complain when we see a couple of thousand make-work projects going on because they are better than nothing. But compared to jobs that would create new wealth, and long-term wealth, there is no comparison.

We resent that happening. We feel a lot of it is political flim-flam and is responding to the heat of the moment rather than to any kind of long-range plan.

I hope you will take a moment to take a look at the document, *A Challenge to Sudbury*, because we have tried to make it a long-run document. You will find very little rhetoric in it there and it is not an attempt to embarrass either level of government, but rather it says there are opportunities there that you should appreciate and should take up. I know it is difficult for the minister, but he would not be stepping on anyone's toes because no one is doing it now. With that in mind, I will cease talking and hope that the minister will respond.

Hon. Mr. Walker: I think the most interesting thing that you raised in your discussion was the matter of the involvement of the new technology centre and how it might fit into mining machinery. You are right, we have not built a mining machinery centre. We have no intention of building a mining machinery centre in this sense of the technology centre that we have been talking about.

It may be the MECO proposal will get off the ground at some point. There are some additional discussions going on at this moment. The

federal government has retired its interest at last count from what Mrs. Erola had to say in Sudbury just a few days or weeks ago, and we recognize there is now some reluctance to get too involved by the major players who are attributing their noninterest to this period of downturn. However, there seem to be some more ideas floating around and we will have to readdress those in the not-too-distant future. I am hopeful that something will come out of this.

I happen to be one who is appalled at the thought of the mining machinery we have today being produced abroad to the extent it is. It is not a newly arrived-at position. You were at the dinner I spoke to nine months ago, and I laid the same complaint before the Ontario Mining Association at that meeting. My position has not changed and, having been appalled, the question now is, is there something that can be done about it?

The new technology centre is, I think, a stab in the right direction. Mr. Stokes would concede that it is a move in the right direction, that we are at least on the right track on it. It remains to be seen whether we will succeed in the process. However, we have allocated a budget of \$20 million to cover the next five years of the mining resource centre—or at least the resource centre which covers mining and wood products. Sixteen million dollars have been allocated to R and D and, in a sense, the resource centre for mining and wood products will be somewhat of a mini IDEA Corp. Its purpose will be to attempt to generate precisely the kind of production of machinery you have talked about here and that all of us feel can be done.

I mentioned a few days ago in this meeting room, as we were discussing it with Mr. Stokes, that I had been in the Jarvis Clark plant in North Bay last Thursday, and there had an opportunity to see what they could do, what was being achieved. I was quite impressed. I really was quite impressed by what they were achieving. That kind of thing is what we want to see occurring increasingly anywhere in the north, particularly of course in the Sudbury area; that is no exception at all. The very fact that the resource centre will be located in Sudbury means a fair amount of attention will be paid to the immediate area and the immediate problems.

I find the situation as it relates to mining machinery intolerable. I was over at Malette Lumber in Timmins and looked at the new machinery they had put in for compressing particle board and couldn't believe the origin of it; regrettably, it has to come from Sweden. It is

very expensive. We should be doing that kind of thing.

The very same machine, a brand new machine, was duplicated in New Liskeard and it just seems to me that we are making a grave mistake if we continue to rely on imported machinery when so much of that could be done in terms of value added here. We are making a stab at it. This is a very serious stab—and I guess I am picking up on Mr. Stokes' words when I call it a stab. I think it is more than a stab because we are committing a lot of dollars in attempting to resolve precisely the issue you are talking about.

We are not building a centre in the sense of the resource centre being a place where a machine will be manufactured. I doubt if they will ever turn out a prototype in the place. It is not a place meant to have people wearing white coats or other outfits where we will ultimately see a prototype machine constructed. What it will do is attempt to find a facility that will cause an import replacement machine to be created and built.

Often it is not a case of inventing something because the technology is not that far away. There are lots of examples within 20 miles of the location of the centre, if they want to look at a prototype. It is simply a question of taking the ideas as best they can and putting them into a Canadian setting. Technology transfer is a key ingredient to all that.

I think we are showing by our activities here, by our intention to have that opened, by our intention to have that well in place, by the choice of its new president—we are not very far away from announcing a new president—that all of this—

Mr. Laughren: Will there be a labour representative on the board?

Hon. Mr. Walker: Of course. No question. On every single technology board, that has been a rule we have applied throughout the whole process and I think we had admirable choices in terms of our labour components, be it Bob White in the technology centre at St. Catharines, the auto parts technology centre, or Glenn Pattinson, who is on the microelectronics board. I think we are making an admirable effort to achieve precisely that. We will achieve that and that will be part of the process. We have not put together the final board for the resource centre. When we have I think you will be impressed. We are making every possible effort we can to achieve precisely what you are saying.

10 p.m.

Let me read you one thing. First, Mike mentioned that during the 1982-83 fiscal year, which will end in four months' time, we estimate that about \$1 million will be spent on the Ontario Centre for Resource Machinery and, of that, about \$600,000 will go to research and development. My guess is that it will probably not quite reach that, but it gives you some idea of our immediate dimensions and where we intend to go. Listen to the objectives of the OCRM. I am reading from the approved five-year business plan that is now in place. Peter Barnard Associates put together the business plan and we are quite happy with it. It is a very good plan.

"Objectives: The true determinants of success for the OCRM are long-term in nature. At this time we have described the measures of success which will support the achievement of the mandate without specifying the actual measurement. They are: the number of new resource machinery and related products introduced to the resource industries as a result of the OCRM funding program; the impact on Ontario resource machinery employment attributed to the OCRM funding program; a level of import substitution and export development in resource machinery and related products in which the OCRM have been active; a demonstrated level of self-financing over an agreed period of time.

"The board will establish the actual levels to be attained by the OCRM management after both the board and OCRM have become familiar with operating methods and achievable results of the centre's activities."

Those are all of the objectives, the precise objectives. They are as if you had written them yourself. They are almost the words you would have used in the entire process. Three out of four points are the ones you quoted in paraphrase fashion here in terms of what you want to see achieved. Those are the objectives of the centre.

I cannot guarantee we will achieve them, but we are going to try. We have tried other things and they have succeeded. For instance, some rather substantial efforts have been made in import replacement within the last year and a quarter. The first one you talked about was health care. Its establishment was led by my predecessor. Ontario has led two now: the one for health care and the one for institutional replacement that occurred early in October.

Both of them have been centred in Manitoba, and it has been our attempt to try to get the federal government and all of the provinces

involved in it, and we have been successful in both cases. The health care import replacement program which we initiated was led by the province and is situated in Winnipeg. The attempt was very successful.

The market size in 1981 was \$1.2 billion. Imports were \$800 million. Our objective was to reduce imports by 10 per cent. So we wanted to get an \$80 million replacement. An independent audit was developed in respect of the import replacement program of September 1981 on health care. They put out a report on it in terms of the new investment, which was \$55 million minimum and \$155 million maximum. The new increased factory shipments were between \$79 million minimum and \$255 million maximum. We cannot determine the precise amount and I do not think we will ever know.

Mr. Laughren: I understand that, but do not forget that I was making a regional pitch for northeastern Ontario and the Sudbury basin in particular.

Hon. Mr. Walker: I think I am showing you a demonstrated intention to—

Mr. Laughren: There is no guarantee that will spin off anywhere.

Hon. Mr. Walker: You are absolutely right. There is nothing to say there is going to be a new factory in Sudbury as a result of this. All I am saying is that this is a—

Mr. Laughren: That is why I am pitching to you. You could provide the kind of direction and leadership that would ensure that would happen.

Hon. Mr. Walker: This is a determined direction. The institutional one had a similar reproduction.

Mr. Laughren: Now be fair. You do not have a regional bias in this regard, do you?

Hon. Mr. Walker: No.

Mr. Laughren: That is what I am asking you to consider. I agree, it would be a change in policy for the Ontario government. Nobody is saying that you have to tell a manufacturer to go there. However, you could use your office to say to manufacturers: "Look, there are certain advantages to going to Sudbury. We will work with you in that regard."

It will not happen. We have 100 years now and it not happening and it is not going to happen unless—That is why I am worried about the way you talk about lack of intervention because you come to it with a very strong bias.

Hon. Mr. Walker: The difference is that the technology centre has been situated in Sudbury. The intention is that it will be a locus of activity.

Mr. Laughren: Why are you going back to that?

Hon. Mr. Walker: Because that is precisely on the point you were talking about.

Mr. Laughren: No it is not.

Hon. Mr. Walker: Its total goal is import replacement. Its total goal relates to mining machinery and wood products, both of which relate directly to Sudbury.

Mr. Laughren: Right, and it is tied to the resource base. I did not dwell on the aspects of that document I gave you that are tied to the resource base. I deliberately did not. I said we are trying to create a new kind of community, and that will not happen without your understanding and appreciating that and feeling the same way about it.

Hon. Mr. Walker: You cannot have it both ways. You cannot criticize us for doing nothing when it comes to mining machinery and then when I tell you what we are doing, say, "Well, that is not what we want to talk about."

Mr. Laughren: Come on now. You are not being fair. That is not a fair debating technique. I gave you some suggestions to move away from the resources. I only gave you four. That is not a large number. I could have spent the evening talking about pollution abatement and about further processing of ores, but I did not. I said these are new stabs—as you would have it—that we think are appropriate. That is what I am trying to impress upon you and you seem to be missing it.

Hon. Mr. Walker: It seems to me that you have selective criticism. When we come up with something that I think, and many others think, will resolve some of the problems that are outstanding, you immediately—

Mr. Laughren: Answer me this question then. What are you doing to get us away from the dependency? That is what I am really asking you.

Hon. Mr. Walker: One is to get away from the dependency on the resource itself. That is to develop secondary industry that would flow from it. It is an important move away from the actual resource to develop the secondary industry. You and your colleagues have identified that as important for years now.

Mr. Laughren: I agree.

Hon. Mr. Walker: Now that we have the proposal in place you move on and say, "Well, what else are you doing? We don't want to hear about that."

Mr. Laughren: What is wrong with moving on?

Hon. Mr. Walker: There is nothing wrong with moving on. It is just that I identify this as an important step in the right direction.

Mr. Laughren: All right. I give it.

Hon. Mr. Walker: Are you giving credit for it?

Mr. Laughren: Am I giving you credit for it? No. You will never give me credit for the times we have come before committees and stood up in the Legislature and argued for resources and mining machinery. You will never give us credit, will you? You are absolutely right.

Hon. Mr. Walker: Would you say we are moving in the right direction with it?

Mr. Laughren: Absolutely. I would feel much better if you were producing mining machinery.

Hon. Mr. Walker: It would be nice to do that. That is one of the things we are talking about.

Mr. Laughren: Let us move away from that dependency and go on to some others.

Hon. Mr. Walker: Now that we have your concession of support in terms of the direction we are moving with respect to that—

Mr. Laughren: Why are you being so petty?

Hon. Mr. Walker: I am not being petty, Mr. Laughren. I am simply reversing some of the attitudes you are leaving us with.

Mr. Laughren: Sure you are. I am trying to make a serious pitch for some diversification and you turn it into—

Hon. Mr. Walker: You started the discussion with the need for mining machinery and import replacement and you spent a lot of time on it. Now that I answer it, you want to know why I am being so petty talking about it.

Mr. Laughren: You are back to your old tricks.

Mr. Riddell: You could talk about the manufacture of farm tractors in this country.

The Vice-Chairman: If I may interject here. I do not know what the bell is for. I am looking at the time and I have Mr. Sweeney, Mr. Stokes and Mr. Miller on my list here, all on vote 2203. Assuming that is a quorum call, I wondered if we could proceed to 10.30 p.m. and agree to wind up vote 2203 then.

10:10 p.m.

Mr. Sweeney: I have three or four questions on it, assuming I have that opportunity.

Mr. Laughren: Do you know when the vote is?

Mr. Sweeney: I understood it wasn't until 10:25 p.m., so I don't know what that bell is.

The Vice-Chairman: Then we will proceed, play it by ear and govern ourselves accordingly on the Ontario Development Corp. Is that agreed? Carry on, Mr. Laughren.

Mr. Stokes: He has had enough time.
Interjections.

Mr. Laughren: I will move on.

The Vice-Chairman: All right. Mr. Sweeney.

Mr. Sweeney: Thank you. I want to identify with many of the things the member for Nickel Belt said. That is why I deliberately did not try to interject at that particular time because I agree with much of what he says.

Since we are moving on, let me raise a couple of questions. There is a 10-minute bell? We can go on then. I want to raise a couple of questions that were briefly touched on before. The minister might remember that I had indicated a concern about an overreliance on our trade market in the United States. As a matter of fact, I specifically referred to the Premier's fairly frequent statements that until we can turn around the automobile market in the United States we are not going to turn around the basic industrial problem here in Ontario.

I was caught by a statement in your September 1982 report, Canadian Trade Policy for the '80s. I am looking at page 3 under the heading: "Canada's Recent Trade Performance." The third point on that page reads, "But our excessive dependence on this market" —and the market is the United States market—"has meant Canada lags behind other industrialized countries in penetrating high-growth markets elsewhere."

My concern is continued a step further by drawing your attention to the fact that of your 10 trade offices, five of them are in the United States; the other five are scattered very widely and, I would have to suggest, very thinly throughout the rest of the world. If you agree, and your statement would seem to suggest you do, because I recall that this is a statement that you made, that you share that concern about an excessive dependence upon one market, and the Premier's statement would indicate that we are vulnerable because of such an excessive dependence upon that one market, then the distribu-

tion of your trade offices would seem to suggest that it is business as usual.

I would like to know whether the minister meant what he said when that particular point was made and what you are doing to genuinely try to change the pattern of Ontario's trade. The minister will be aware of the fact that the federal government came under very heavy criticism when it tried to change its pattern of trade throughout the rest of the world, especially into Europe and into Asia. Where are we at now?

Hon. Mr. Walker: Let me say that I have no intention of being a party to diminishing the trade to the United States. There are markets, and we will serve those markets, and if we can make them grow, we would like to make them grow. A dollar is a dollar and a job is a job, and that is the simple policy we are following in respect of that kind of matter.

We are, however, going to expand our non-North American international market. Let me call it that. It is our intention to enlarge our activities elsewhere in the world to give us additional balance. There are some various areas we can tackle with real assault, and I think we can end up having successful additional trade. George will be able to identify some of the specific areas and specific kinds of trade that we might might get into in a moment.

We now have 11 trade offices. Our most recently opened trade office is Brussels. That shows an intention to pursue another area. The importance of Brussels is its connection as the headquarters of the European Economic Community. We intend to open something that gives us a thrust to South America. It is likely that we will choose somewhere in the United States for our point of entry into South America. That would be a spot in the United States, not to service the United States, but to service South America. It happens to be the most logical way of getting to South America.

Mr. Sweeney: I'm sorry, I don't follow that line of reasoning at all. Please explain.

Hon. Mr. Walker: The one area we are looking at most seriously is a place like Miami. That is where the trade to South America all focuses together, everything comes to and from there. It is the jump-off point to South America for the entire hemisphere, so it will likely become a location that will service the South American market where we are gleaning more and more attractive support and sales.

Our roving sales missions to South America are coming back with signed contracts in hand.

and that does not very often happen. It is working very well. In fact, Jan Rush is here and I would ask Jan who is in charge of this as director to share with you some of the trade missions we have.

We have permanent missions and we have trade missions. Jan, take a seat at one of these chairs at the end. What we are succeeding in doing is having the permanent missions service other areas. We are well distributed throughout the United States with the five key locations. If you take Dallas, Atlanta, Los Angeles, New York and Chicago, we are strategically located here for servicing that very important market. Then we have our roving missions. There is a

roving mission that leaves every single week from September 1 on. Jan Rush is in charge of the roving missions.

Mr. Laughren: Is Larry Grossman on that?

Hon. Mr. Walker: No, but we might ask him to take one.

Mr. Laughren: You would like to put him on one, wouldn't you?

The Vice-Chairman: Excuse me, I note that the bell has been ringing for about eight minutes and I think we should adjourn, to reconvene Tuesday at 8 p.m. for approximately one hour.

The committee adjourned at 10:19 p.m.

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Ontario, LEGISLATIVE ASSEMBLY

No. R-34

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development

Estimates, Ministry of Industry and Trade

Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament

Tuesday, November 30, 1982

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, November 30, 1982

The committee met at 8:03 p.m. in room 228.

ESTIMATES, MINISTRY OF INDUSTRY AND TRADE (concluded)

The Vice-Chairman: I call the meeting to order. We have approximately 60 minutes left in the estimates of the Ministry of Industry and Trade. At that point we will begin the estimates of the Ministry of Municipal Affairs and Housing, so I would ask you to consider the time and tailor your questions to suit the 60 minutes that remain.

I will also tell you that the chairman of this committee is in ill health and will not be back until the new year.

Mr. Wildman: Is he in hospital?

The Vice-Chairman: Yes. He had a very serious bout of flu, and I guess it has just drained him.

Mr. Sweeney: Mr. Chairman, I think somewhere along the line we made a tentative agreement to leave an hour or close to an hour for discussion of the development corporations.

The Vice-Chairman: I remember that.

Mr. Sweeney: I do not know how much more my colleague the member for Algoma has with respect to the trade portion. I am willing to let my questions go.

Mr. Wildman: I am willing to move to the Ontario Development Corp.

Mr. Sweeney: May we do that?

The Vice-Chairman: I have Mr. Sweeney, Mr. Kolyn and Mr. Miller. Mr. Kolyn is not here, so can we have your agreement, Mr. Miller, to move on to vote 2204?

Mr. G. I. Miller: Yes.

Mr. Sweeney: Then we can go ahead and take the trade vote if you want to.

Vote 2203 agreed to.

Mr. Wildman: Mr. Chairman, I want to raise in objection to such careful and close scrutiny of the estimates. This is far too close scrutiny. I think it is most unfair to the minister. We should be far more lax in our approach to the estimates.

The Vice-Chairman: Your criticism is noted.

On vote 2204, industrial incentives and development program:

Mr. Sweeney: Mr. Chairman, I had indicated at the beginning that I had a few points about the Ontario Development Corp. For my comments, I am going to consider them all as one, whether we are speaking specifically to northern or eastern, but there are a few points about them that I would like some clarification on, and on that basis I will raise a couple of questions with the minister.

By the way, I also indicate early that the basis for any of the questions I ask is the annual reports the ministry puts out on who gets what loans and also the annual reports of the development corporation itself. That is where my comments are coming from, in case the minister may be wondering.

On the basis of those, going back to 1974-75 we note that there were loans and guarantees of approximately \$86 million. In the 1981-82 report, the most recent one, there are loans and guarantees of \$84 million. If you adjust that for inflation, it indicates that there has actually been a decline in this particular section of the ministry of about 48 per cent; yet in all other government programs there was an increase of 10 per cent adjusted for inflation, constant dollars, all of those kinds of things.

Therefore, the obvious first point is that it appears as if the development corporation is fairly low on the ministry's and the government's priorities. Can the minister indicate exactly what are the priorities of the development corporation within his ministry?

Hon. Mr. Walker: Mr. Chairman, I would like the member to list for me the years that he has there. You presumably have a number of years. I have the two you have given. Can you give me the in-between years?

Mr. Sweeney: The first one we gave you was 1974-75. The next one was 1981-82. For 1974-75, our figures show \$86 million—

Hon. Mr. Walker: Can you fill in the gaps for me, please?

Mr. Sweeney: Just a minute. I do not know whether I have that with me or not. No, I do not have that table with me; I am sorry. I can get it later. I have them all.

Hon. Mr. Walker: You realize that you are dating back to periods that were some time ago, and I do not have those details.

Mr. Sweeney: Excuse me. The thrust of my question is that by comparing those figures one would get the impression that there was a decline in priority; therefore, my question rather logically follows: Is that in fact true? Where in your priorities is the development corporation, given the kinds of things it was set up to do? In other words, it was set up to deal with regional disparities; it was set up to be a lender of last resort; it was set up, as you have indicated yourself, to help small business; it was set up to be an incentive. If all of those things are still valid, it would appear that over that eight-year or nine-year period those were not priorities.

Hon. Mr. Walker: The point I was trying to make is that I do not have much recollection of the 1974-75 period other than to say that as I recall, having been a member in that period, there was some extraordinary expense that floated into the 1974-75 era that presumably was floated against ODC, and it is that part that I suspect has inflated the \$86 million. It might have been otherwise.

We are now joined by Mr. Croll, who did not have the benefit of your question, and I wonder if you would repeat it so he can hear it and have full cognizance of it.

Mr. Sweeney: For about the third or fourth time—I have lost track—we checked back in the annual reports of the ODC and the figures we draw from it are that in 1974-75 there was a total commitment for loans and guarantees of \$86 million. The most recent figures we have are from the 1981-82 report, which shows a total commitment for loans and guarantees of \$84 million. Using constant dollars as your comparison point, and that is really the only valid way to do it, that would show a decrease of 48 per cent.

A comparison with all other government programs, where there is an increase of 10 per cent, again using constant dollars over that period of time, seems to suggest that the priorities given to ODC are no longer priorities—using those figures, anyway. Therefore, the thrust of my question is where is ODC within the priorities in the ministry and in the government. Quite frankly, I am not sure whether you can answer that question.

I am quite prepared to be advised that my figures are not valid or there is something wrong with them.

8:10 p.m.

Mr. Croll: Mr. Chairman, I can answer it sort of in general terms, in the same way the minister answered the question concerning small business loans.

Since 1974-75, a great many programs have been introduced by the government which ODC has administered. For example, we have the federal-provincial programs and the eastern Ontario subsidiary agreement which does not appear in the figures. We have had a substantial amount of money that was given to the priority of developing the north. In terms of pulp and paper, \$100 million went into it and another \$100 million went into a variety of medium manufacturing businesses.

Not included in the ODC figures are funds that have been allocated for the current Board of Industrial Leadership and Development program. So the comparisons with five years ago in terms of activities are kind of difficult. However, I can say that the total activities of the corporation and the kind of job generation which has resulted from the overall activities of the corporation have been steadily increasing.

Mr. Sweeney: What you are highlighting then surely is the difficulty. Using the only two kinds of reports that are available to someone like myself, and I assume to business, namely, the annual reports of loans and guarantees and the annual report of ODC, we cannot get that information.

How is one supposed to know exactly what you are doing? For example, let us come back to the last point you made about the number of jobs that are generated. We have talked to a couple of people and they wonder just how you arrive at the figure of the number of jobs being generated.

For example, if a business were to say to you, "Over the next five years we expect we are going to generate 100 jobs and if we had some additional assistance we might be able to generate an additional 20 jobs," your report seems to suggest when we look at some of those figures that in fact you are taking credit for 120 jobs. That is one problem we have in terms of the jobs that are actually created.

The second problem we have in looking at totals is the number of cases where loans or guarantees were offered but in fact never picked up, but the job generation is still in the tabulation. How do you decide? You tell me. How am I supposed to interpret your reports to know, in fact, how many jobs ODC actually generates?

Mr. Croll: First of all, in terms of the jobs, where somebody says he is going to create a job

and then does not draw down the loan, any actual job figures in the annual report which you have in your hand, Mr. Sweeney, are jobs net of any revisions. They are net figures, minus any jobs, any programs that have not been drawn down on, either guarantees or loans that have not been drawn down.

The corporation checks once a year and our most recent statistics are for March 1982. We check all the loans that we are directly responsible for once a year. We compare the jobs that have been created as reported by the corporations.

First of all, I do not think it is fair to say that ODC actually creates any jobs. The jobs are created in the private sector. They are created with the assistance of various other ministries. The Ministry of Industry and Trade is one. Tourism creates jobs. There are many more jobs in this 14,000 figure that are related directly to in the estimates.

When we look at the job creation we compare the number of jobs in the first year with the fifth year. When somebody gets a loan from the Ontario Development Corp. they tell us what kind of employment they have now. Say they have 100 jobs. If they tell us they will create 10 jobs in the first year and 50 jobs by year five, that is the total job creation.

We are looking at long-term employment, not jobs that are created just in one year, but jobs that are created over the full period of time. I believe the latest figures show that when we looked at those loans that had been existing in the corporation for a period of five years, which is when you are really seeing that they do what they said they were going to do, the figures are 19 per cent above the figures the applicants told us they would create. Anybody can do it in one year, but over the fifth year that is how they did.

Mr. Sweeney: Excuse me, while you are answering the question, can you come also to the point that I tried to draw attention to, that there is an appearance of job number inflation with respect to the direct correlation between our loans and/or guarantees and the jobs that would be generated by that business anyway, or the jobs that are generated in that business apart from your loans and guarantees?

Therefore, that is why I come back and ask, what criteria do you use, taking that factor into consideration?

Mr. Croll: Generally speaking, when a corporation comes to us with a project and says: "We have reached the limit of our capacity. We employ 100 people. If we can get this project

going, in the first year it is not going to be all that great, it will be 20 jobs and in the fifth year maybe it will be 30, 40 or 50 jobs," whatever they say.

We do not say we created the 100 jobs that existed at the start. I think you are probably right that it is very difficult to say that none of the jobs would have happened without ODC assistance, but we have to be able to make some kind of a reconciliation and we have them report to us once a year. I think they report to us every quarter on the jobs they have, but all outstanding loans we have are actually checked once a year.

We compare, first of all, whether they got the job creation they expected to have in the first year and then, as there is not always a sort of a steady growth, we then look at jobs that are created in the fifth year.

On those loans we have monitored, which are all the loans that have been in the corporation for five years, we have found they are 19 per cent above the estimate that was originally made to us. I believe that is the figure the minister was quoting at the start. We do not come back and readjust our figures to say we got 19 per cent and perhaps those 19 per cent would have been created anyway.

Mr. Sweeney: I think you are validating the concern I have expressed, that the numbers of jobs which are used as being generated directly because of your action could very well be inflated.

Hon. Mr. Walker: No, he is saying—

Mr. Sweeney: What he said was that the number of jobs five years later was in fact 19 per cent higher than they had estimated five years earlier, but it is not an indication of the number of jobs that would have been generated regardless, or the number of jobs that were spun off for other reasons.

Mr. Croll: That is extremely difficult to say.

Hon. Mr. Walker: You can go both ways on that.

Mr. Croll: If somebody comes to us with a program and we participate in the first stages of that program and get the thing going, and they give us a five-year plan and tell us they are going to have X number of created, was the start that they got the thing that created all the jobs?

8:20 p.m.

If you look at a firm such as Mitel, for example, which the Ontario Development Corp. helped when it was embryonic, was that start we

gave it the reason Mitel is the very large and successful corporation it is today? We are not in any way saying that all the jobs that are now in Mitel are a result of that help, but certainly the help they got when they were a very small and embryonic company contributed to their success.

Hon. Mr. Walker: I think you have taught us a lesson.

Mr. Sweeney: I would suggest that you are drawing conclusions which are not necessarily correct.

Mr. Croll: I have not drawn a conclusion. I am just suggesting that we did help them get going at a time when they needed help.

Mr. Sweeney: You have explained to me how you do it. That is really what I was trying to find out, whether we agree or disagree.

Hon. Mr. Walker: We will have to go back and revise our figures. Instead of being so cautious, we should be a little bit more accurate and precise and increase our original estimate by about 19 per cent.

Mr. Sweeney: I want to tell you that your reporting mechanisms are not easy to follow by any means. As a matter of fact, I note that in the 1981 report of the auditor he noted that the monitoring of follow-up was inconsistent. I suppose you respond to something like that from the auditor. What was your response to that?

Hon. Mr. Walker: I do not know what the response was but I can get it. That was not a response that I made.

Mr. Stokes: That is the responsibility of your deputy.

Hon. Mr. Walker: That is a good way of putting it. Yes, deputy, what is the answer to this question?

Mr. Ostry: There is no answer. Next question?

Mr. Sweeney: You are getting worse than the ministers, Bernie. You have been around these beggars too long. A few years in Ottawa, and a few years in Queen's Park—

Mr. Ostry: In Ottawa, the estimates' 12 hours were reduced to one.

Mr. Croll: Could I address that question, Mr. Sweeney?

Mr. Sweeney: What is the follow-up? If the auditor says something is not good, you respond. Then what do you do about it?

Mr. Croll: We had been doing a sample, and I think we could have—

Hon. Mr. Walker: It is as simple as that. When the auditor makes a recommendation, I have not yet known a minister to challenge the auditor on the recommendation.

Mr. Sweeney: I would like an answer that is a little more specific than that, Mr. Minister, if you don't mind.

Mr. Wildman: How large is the sample?

Mr. Croll: The sample is 100 per cent. It is a fairly large sample. That was our response. I was told to answer the question.

We had been sampling less than 100 per cent so we started sampling 100 per cent. We found that when we did sample 100 per cent our numbers went up, so I believe you will not find the same comment in the auditor's remarks this year.

Mr. Sweeney: Okay. I notice in your corporation's report of 1978-79, on page 13—and I do not expect you to have it there with you so I will read just one little section to you: "The development corporation directed 45 per cent of the dollar volume of the loans and guarantees to these areas of the province." Then you break it down to Ontario Development Corp., Northern Ontario Development Corp. and Eastern Ontario Development Corp.

Your 1980-81 report says, "The regional characteristics of direct lending, excluding guarantees and export loans." I would suggest it makes it very difficult to make comparisons when in your 1978 report you include guarantees and in your 1980 report you exclude guarantees. Let me tell you where my question is leading, so you can have it all in one package.

As far as we have been able to tell, there are signs that there has been a pretty significant decline in the share that goes to the north and the east versus the share that goes to ODC, which is mostly in the south. Now you have the whole picture and you know what I am after.

Mr. Croll: Okay. I think that is a fair question. I believe you asked a question in your opening comments also about other distributions to the north and the east, and we had a look at them. All I can do is to quote the statistics we have, which show that of those loans and guarantees, we find the same distributions within statistical reason if you include things like the eastern Ontario subsidiary agreement. The eastern Ontario subsidiary agreement is a federal-provincial program that has money available on a forgivable loan basis. That means that the east is getting a program that the development corporation itself administers but cannot offer.

When we add in the other programs—and the region covered by the Northern Ontario Development Corp. also has the northern Ontario rural development agreement, which is a federal-provincial agreement—I agree with you, since these are not items that are voted in these estimates, that these statistics are not available in the briefing book that was given to you.

In total, the amounts of money that are administered by the corporation both in terms of guarantees, federal-provincial forgivable loans and so forth, compared to a population base, to a manufacturing base, to a provincial product or any kind of measure, indicate that the corporation's policies are to favour development in both the north and the east.

We do get some complaints the other way around; that the southwest, which has a great deal of industrial development now, has not had the same emphasis that the north and the east have had.

Mr. Sweeney: I think you are telling me that if we include a lot of things which do not show in these reports, it has not changed as much as I suggest. But if we look at the raw statistics that do come out of the reports, the suggestion is strongly that the north and the east have not been dealt with as fairly.

We keep coming back to this. I have to turn to the minister and say your reporting mechanisms are just God-awful. If you really want people to understand what you are doing, where the development corporations are placing their priorities and what is taken into consideration and what is not, it is very difficult to follow.

I am not trying to find fault for the sake of finding fault, but I have a whole series of questions about inconsistency after inconsistency in trying to figure out exactly what these things say and what they do not say. Surely the minister would appreciate that the people outside of here who are trying to understand what you do or what you do not do, whether they qualify or whether they do not qualify and whether there is more going to the north or more going to the south, must be even more hopelessly lost than I am. I had to go to a couple of our research people a few times just to get them to explain what the blazes this means. It does not make any sense to me.

Hon. Mr. Walker: I think the member has raised a somewhat valid observation. I have not had a very direct role yet in a report of the development corporations. I will take a look at the prospects in terms of the next report which will be due before long; it should be out around

February or March. I will take a look at that and see if it is not possible to delineate the information in a way that is more to your liking.

Mr. Sweeney: I think what needs to be done is to delineate the information in such a way that the people you are attempting to serve can understand it, as opposed to delineating it in such a way that it makes your record-keeping easier, or whatever; I am not sure, quite frankly. I just honestly do not know.

While we are on the reporting mechanism, it would seem to us, as best we can interpret your reports, that about one third of those who got loans or guarantees over the last couple of years have not been required to post evidence of trying to get that kind of financial support elsewhere. In other words, the definition of the corporation as a lender of last resort—which means you have to demonstrate that you could not get it anywhere else—seems to have gone by the wayside again. Is that valid or is it not? If it is, why?

8:30 p.m.

Mr. Croll: I am not aware of that statistic. The first question I would ask you, Mr. Sweeney, is where did you get your information from?

I did not mean to create such a pregnant pause—

Mr. Sweeney: No, that is okay. Let me find it and come back to that question. Would you answer the other part of my question then? Do you or do you not still require that kind of evidence? Are you or are you not still a lender of last resort? If not, why not?

Mr. Croll: The major role of the corporations is to develop the province. In most cases, what we are basically talking about, is that the bulk of the people we deal with—our average loan size used to be \$125,000. I believe with inflation it has now gone up to \$175,000. If you talking about the small loans that are made, which are the bulk of the loans, the corporations make something like 500 to 600 loans of all kinds in a year. The bulk of those, I would say 90 per cent, are of that variety. We are basically the lender of last resort to those people.

There is a small percentage where we are, perhaps, in competition with another jurisdiction. We are talking about bringing an enterprise to the province that might want to, say, locate in New York state or some other jurisdiction. I had better not single one out. In this case, we are really talking about the advantages of the province and what kind of assistance is required to anchor that kind of investment in the prov-

ince. For the bulk of the loans of the corporations—and the reason I was questioning the 30 per cent—I would accept that there are some loans that are made—

Mr. Sweeney: What do you figure the percentage should be?

Mr. Croll: To the extent that we can get corporations that may be locating in some other jurisdiction—and I am not talking about any other province in Canada; I am talking about the North American, perhaps Mexican, perhaps American, jurisdiction—to the extent that we have the opportunity to anchor that kind of investment in Ontario, and the thing is well-financed and can be done, I think we should do that. The incidence of what has happened is a small percentage. I do not know whether it is five per cent or 10 per cent, but it is certainly not 30 per cent.

Mr. Sweeney: You suggest five per cent or 10 per cent.

Mr. Croll: Otherwise, I would suggest that, in terms of the loans we make, it would extremely difficult for the majority of our borrowers to get the kind of financing they get from the development corporations elsewhere with the kind of security they have.

In terms of the kinds of risks the corporations take, which is how close we are to being a lender of last resort, we have done some studies on what kinds of risks, for example, a bank takes. Sometimes we get accused of taking a very banking attitude. We find that somewhere between one in five and one in ten of the loans we make are going to run into problems. For the bank it is something like one in a hundred. So there is no way the borrowers could get that kind of financing from a bank. I would have to maintain that for the bulk of our loans, we are a lender of last resort.

Mr. Sweeney: Would it be fair to say, using your figures, that 90 per cent of the people who come to you—

Mr. Wildman: On a point of order, Mr. Chairman: We did forgo further questions on the other vote on the basis that we had only an hour left. I see by the clock that we are more than half way through.

The Vice-Chairman: I was going to remind Mr. Sweeney after he finished speaking.

Mr. Sweeney: Could I get a point of clarification? Then I will quite happily turn it over to my colleague. That is only fair.

The Vice-Chairman: Briefly then.

Mr. Sweeney: Am I understanding you correctly then that up to 90 per cent of the people who come to you are able to show evidence that they were turned down by other lending institutions and that, in fact, you are their last resort? Is that what you are telling me?

Mr. Croll: We do not make them sign on a dotted line that they have been turned down by other financial institutions. If I were another financial institution, I am relatively certain that in most of the cases that come to us, they would not have got that money there.

Mr. Sweeney: I understand your answer. Obviously, it is a difference of opinion.

Mr. Wildman: Could you explain the total decrease of \$1,733,800 in the Ontario Development Corp. budget?

Mr. Croll: You are talking about the estimates figures compared to the previous year?

Mr. Wildman: Yes.

The Vice-Chairman: Which page are you on now?

Mr. Wildman: Page 4-9.

Mr. Croll: I would like to explain that, in terms of newness to the corporation, I have held my responsibility since May and I have one major problem. The problem is the flow of funds. What we are talking about is the flow of cash. What happens in any year is the corporation goes out and makes some commitments.

In the normal course of events we would expect to have to disperse approximately 40 per cent of the commitments we made this year, something like 60 per cent of the remaining commitments from last year, and another percentage of the commitments we made the year before. A direct comparison in terms of one year versus the other in terms of flowing the cash and the way that the people drew down the cash is very difficult for us to make. What we have to do to analyse our activity is talk of the commitments of the corporations.

Mr. Wildman: You do analyse it on page 4-9 of the book. One of the things you mention under that decrease is, "A decrease of \$800,000 in interest incentive is a reflection of a more thorough evaluation of what is included in this program and how it is calculated." If I can go on further, under the Northern Ontario Development Corp., along the same line, it says, "An increase of \$450,000 in interest incentive is a result of the continuing and growing OBIP program." The Ontario business incentives program. Then, under the Eastern Ontario Development

opment Corp., it says, "The decrease of \$1,150,000 in interest incentive is a reflection of a more thorough evaluation of what is included in this program and how it is calculated." Could you explain that statement?

Mr. Croll: Sure. First of all, as I said earlier, in southwest Ontario, where the ODC is, the criteria for incentive loans are tougher. It is a more thoroughly developed part of the province. The amount of the assets that are eligible for an incentive is only 50 per cent. In the east, that percentage rises to 75 per cent, and in the north it goes up to 90 per cent.

Mr. Wildman: Why is the decrease greater in the east than in the southwest?

8:40 p.m.

Mr. Croll: You will have to let me be wrong for a minute. Since the southwest is a fairly developed part, I admit our criteria in the Ontario Development Corp. are tougher. For example, we are more a lender of last resort. We are a little leery of people who come and say, "Gee, I have to have an incentive," when their market is right there. In the Eastern Ontario Development Corp. region, we have had this program that actually offers more incentive than ours does. In fact, it is 100 per cent incentive if one performs.

So I would not agree with the wording of these things. I would say that in the north we have offered more incentives relatively speaking than we have in the southwest, and that the difference has been taken up in the east where one again sees a reduction in the incentives; that has been taken up by the eastern Ontario subsidiary agreement where approximately—I forget what the EOSA figure is for that year. Do we have it? It is a substantial figure. I believe it is about \$2 million. Had we not had that program in place this year, we would have had a higher incentives bill.

Mr. Wildman: Are you questioning as well the statement under EODC, a total decrease of \$904,400 in the total budget estimate?

Mr. Croll: The decrease in the EODC from what was estimated is basically the EOSA program. Our people have spent a great deal of time on that program. An event or a loan in the EOSA program takes just as much of the time of an ODC consultant and results in jobs.

I think that as far as the Ontario taxpayer is concerned, since these loans are funded 50-50 by the federal and provincial governments, it gets us a bigger bang for a buck.

Mr. Wildman: I would just comment that if Mr. Croll does not agree with the wording, perhaps next year there will be different wording.

I wonder if you could comment on the questions I raised in my leadoff, specifically the relationship between your corporation and the northern Ontario rural development agreement. Could you give me an answer to the question I raised as to your inability or unwillingness to pay arrears of taxes until they are right up?

Mr. Croll: If you would not mind, Mr. Wildman, I would like to go back to the first statement you made. I do not disagree with the wording.

Mr. Wildman: Those were your words, Mr. Croll, not mine. I am not trying to be aggressive.

Mr. Croll: Let me retract what I said and go back to say that what these words say is a reflection of a more thorough evaluation of what is included in this program. That is true. In the Ontario Development Corp. we are taking a hard look and I think that statement is true.

If one goes to the eastern Ontario one, and one is talking about a more thorough evaluation, what we are saying is we are evaluating these programs and finding the EOSA program is more satisfactory.

Mr. Wildman: Perhaps you could answer the specific one regarding the arrears of taxes, then go to the—

Mr. Croll: Yes. I believe the question you raised was about Sullivan Trailer and Equipment. Sullivan Trailer and Equipment is a case that has been with the ODC—where is the front end of that?—since March 1976. It is a case where the corporation invested in terms of money and this province's money. The moneys were largely spent in the Thessalon area. I will not say they were spent exactly in Thessalon, but certainly in that area. It was nearly \$600,000.

When the corporation was forced to go in and, in effect, write off the \$600,000, we appointed a receiver. I would like to point out that the corporation does not own this property and that it is—I do not remember what the legal word is—a mortgagee in possession. It is the receiver's responsibility to pay taxes. However, I will not duck the issue.

When we took over the possession but not the ownership of this property, the taxes were in arrears. Our responsibility is to protect the interests of the Ontario taxpayer and also to recognize the interests of the town.

Interjection: Township.

Mr. Croll: The township of Thessalon taxes have been paid by the development corporation. If they were not paid, I believe the township would have the right to move in and sell the property for the taxes, so the taxes have been paid. They were in arrears when we took over. When this property is sold, and I would like you to remember the corporation has invested a considerable amount of money which went into the township, the only way to sell it is to pay off the taxes. The taxes are currently being administered by the receiver and he is meeting his legal responsibilities.

Mr. Wildman: They are currently \$17,873.24 in arrears.

Mr. Croll: Yes, I understand. They were in arrears when we took over. When we take over a lot of problems and there are a lot of bills owing, I think our responsibility is to try to find some alternative use for that facility and see if we can get the operation going. Then, to the extent possible after having taken a \$600,000 loss to start off with, if we manage to sell the property and pay it off, the taxes will be paid. Also, any interest charges that are associated with them will be paid.

Mr. Wildman: I do not want to prolong this because of the time but I will point out, as I did in my opening remarks, the clerk of the township pointed out to me, as I knew, that we are dealing with a very small township with a very small tax base. Those taxes which are in arrears represent one third of the total tax arrears of the whole municipality. When one considers a \$600,000 loss, that is substantial. When one considers the total provincial budget, imagine what this means in terms of the total municipal budget which does not even approach \$600,000.

Mr. Croll: I recognize this, but the taxes were in arrears when we took over. The money was owing then and we have paid taxes to the township that would not have been paid or they would have had to sell this property. The taxes were paid. I think approximately \$4,000 a year is being paid for taxes, and that is every year for the past five years.

Mr. Wildman: Enough is paid just to keep ahead of the date of arrears when the municipality could register it, which is hardly good corporate citizenship. I will not prolong that issue.

Mr. Stokes: Mr. Chairman, we have had some discussions about the operation of the Northern Ontario Development Corp. during the last vote, and the policy within this ministry.

I am more than a little concerned about the fact that the amount of money allocated for the NODC for this current year amounts to \$6.4 million when—I do not know what the actual expenditure was, but the estimated expenditure for the previous year was \$5.7 million.

We do not have the time for me to get into some specific loan applications that were turned down on the basis they were not viable. I have had conversations with people who are charged with the operation of the NODC and advising the board of directors as to what they consider viable and what they do not consider viable. I cannot understand why the board of directors of NODC have not made the case—or if they have made the case, why they have not persuaded the minister, and hopefully now you, Mr. Croll—that you have to change the criteria.

8:50 p.m.

You mentioned you were the lender of last resort, and you would not have authorized half of the loans in southern Ontario that you have already authorized in the north, and I could point to a half a dozen cases where you were left holding the bag as you were with regard to the incident raised by the member for Algoma (Mr. Wildman). It is quite obvious that if this program is going to act as a program for industrial incentives and development, you are going to have to change the criteria, or at least be consistent with the criteria.

If you look back into the records of the Ontario Development Corp., you will find there was a loan of something in the neighbourhood of \$666,000 and 50 per cent of it was forgivable after five years as long as they performed. Obviously they did perform and that was forgiven. That was for a television station. It did not create a lot of jobs but nevertheless, given the criteria, they got the loan and in the process got a windfall of \$333,000.

Hon. Mr. Walker: Based on their performance records.

Mr. Stokes: That is right. But let me talk to you about another one. I raised it last year. This is just an indication of the way in which you change the criteria and try to say that since bigness is better, that is what we will do. There was one for a small FM radio station in Marathon, where everybody thought it was a heck of a good idea. It was the greatest thing since sliced bread along the North Shore in many of those communities to the north where they do not get anything once they are more than 10 miles away from a CBC AM rebroadcasting station court-

tesy of Canadian Pacific and Canadian National railways.

They were turned down. They scaled down the project and they have been on the air since July, no thanks to NODC. They scaled down and they were able to go to their banker and get the kind of money they needed.

These are some of the comments from the applicant. Your consultant indicated to the two applicants that since they put political pressure by way of their local member and another member of the assembly—who happens to be on the side of government and who was just as concerned about getting the thing going as I was, and who was just as persuaded that it was a good thing to do and it was eminently supportable—what we got from the consultant was it was not the proper route to go, and if people expected to enjoy some kind of success with NODC they really should not be going the political route.

Come on. We are all here to help whoever needs help, providing they have a good idea and providing it is performing a useful service.

Incidentally, the fellow who made the comment happens to have a cottage in my riding and he was having an environmental problem with another agency of this government and sought my help to clear that up.

Mr. Wildman: That was the political route to go.

Mr. Stokes: But when I am trying to help with the aid of another government member, who happens to be the Minister of Northern Affairs (Mr. Bernier), that is a no-no. "If you want to do business with NODC, don't you get politics into this business."

Hon. Mr. Walker: That just shows you, we do not have that political route.

Mr. Stokes: I am going to give the particulars to Mr. Croll, and if my office had not goofed, I would have been able to give them to you right now.

Mr. Croll: I think we received them this afternoon.

Mr. Stokes: Did you? All right. Fine. I was supposed to be able to hand it to you personally and I am sorry, I cannot do it.

We have two little weekly newspapers that obviously, in order to stay in business and remain competitive, have to upgrade. You cannot do it by selling a weekly newspaper with a subscription list of 800 to 1,000, so the only way you can do it is by having a little printing operation in conjunction with the production of

the paper, and you can rely on the major employer in those one-industry towns and get a certain amount of printing work.

But in order to do it, they go to the bank or the lending institution. They go to the Federal Business Development Bank and it turns them down. Then they come to you and you say, "Oh no, it does not meet our criteria." That is what NODC is all about.

Let me make one final comment. Let me refer you to page 4-10. You are talking about the increase in NODC and say, "The increase of \$290,000 in losses on loans and guarantees reflects the nature of the loans in the north and the economic environment." What you are saying is: "They are born losers. Sure, we will give them a little bit of money for the Alpine ski resorts and all of this. We know they are losers, but let's throw them a sop or a bone once in a while and hope they will go away."

Why do you not talk to the entrepreneurs who come to you with an idea and it is not a pie-in-the-sky idea? They have an idea that will allow them to increase the chance for economic development, provide a better service to the community, make those small communities more self-reliant by producing more of the things they need right there rather than to have to send all the way to Thunder Bay or Toronto or some place else, in this case for their printing needs. As our representatives from northern Ontario, that is the board of directors, have they never tried to impress upon you that if this is going to be a relevant development and incentives program that is what you are going to have to do?

Hon. Mr. Walker: Mr. Chairman, I suppose I can interject here if I might and come to the defence of the Northern Ontario Development Corp. First, it is made up, as you well know, of people from the north—

Mr. Stokes: I have said that.

Hon. Mr. Walker: Yes, yes. I am just sharing it with members. They have addresses like Timmins, Kenora, the Sault, New Liskeard, Thunder Bay, Kapuskasing, North Bay, Gore Bay, Atikokan, Sudbury. I think that means it has a reflection of people who are from the north and who tend to reflect the views of the community. That is one thing.

Second, as I read the paragraph that you read out, I would not say that says anything other than there is an incidence of greater loss caused

by the economic climate we are in today. The same can be said of NODC, EODC and ODC.

Mr. Wildman: It is not being said, though.

Mr. Stokes: That is very favourable. I could trot out some instances where it is one heck of a lot worse than that. I do not want to embarrass people by naming places and businesses, but I will if you force me to. This says that it is because of the economic environment generally in northern Ontario. You would have been much more persuasive if you had put that in last year, because the results would have been a lot worse.

9 p.m.

Hon. Mr. Walker: Listen to this under the Eastern Ontario Development Corp.: "The increase of \$250,000 in losses on loans and guarantees reflects the nature of the loans in the east and the economic environment." It sounds to me like—

Mr. Wildman: You are losing everywhere except in the southwest.

Hon. Mr. Walker: It sounds to me like a boiler-plate kind of language. And we are losing as much in the southwest, I can assure you.

Mr. Stokes: Oh, come on. Look at the difference in the figures.

Mr. Croll: With respect to the estimates, we have crossed a very broad spectrum from 1974. You have been talking about forgivable loans. A forgivable loan program had certainly finished in 1974, when I first joined the corporation, and we started the Ontario business incentive program as a replacement. I think circumstances have changed. We all recognize that circumstances have changed, that we have a bigger job to do in development and fewer bucks to do it with; so we have to try to be more specific.

The problems we are having in trying to do the job are tougher; I do not make any bones about that. With regard to the losses the minister is talking about, we have experienced more problems in the past year than we had a year ago by a factor of about two.

The member for Algoma raised the question concerning the number of receiverships that were taking place in the north, and he felt they were considerably more in the north than in the east and the south. As a matter of fact, we went back to check just to see what was happening in the past year, and we found that there were about twice as many receiverships in the south-

west as there were in what we call the north or the east, but they almost—

Mr. Wildman: Proportionately?

Mr. Croll: No, in absolute numbers. The absolute numbers are 43, 15 and 15, and in proportion as a percentage of the numbers of loans we have outstanding they are about the same. To say we are slighting or damning one area and saying the economic problems are awful there and we should forget about them, I do not really believe the statistics we are looking at right now support that statement.

The Vice-Chairman: Mr. Croll, if I might interject for a moment, we have about expended the time. Mr. Miller had a question he wished to ask, and the minister has indicated to me that we have had this equipment here for the past six nights and we have yet to see the 12-minute film clip or whatever it is.

Mr. Sweeney: If you let Gord Miller ask his question, I will watch your flippin' movie. How's that?

Hon. Mr. Walker: It sounds fair. But first pass the vote.

Mr. Sweeney: Let him ask the question first; then we will pass the vote and watch your movie.

Mr. Wildman: If you will come across with Thessalon's \$18,000 or let the damned thing be registered and let the municipality sell it I will watch your tape.

The Vice-Chairman: I take it we have a consensus that we will give Mr. Miller a few minutes, then we will watch the tape and get on with the estimates of the Ministry of Municipal Affairs and Housing.

Mr. G. I. Miller: Mr. Chairman, I appreciate that. I have about three questions I would like to ask.

The Vice-Chairman: Quickly.

Mr. G. I. Miller: I will do it as quickly as possible.

First of all, I was interested to note the losses that have been accumulated in the three areas of northern, eastern and southern Ontario. I wonder which programs the minister is thinking about to make sure these are utilized.

In my part of Ontario we have an Essex International plant, which was making cars but which was closed down about three years ago. That plant is still sitting there empty. It did employ about 400 people. I know the ministry has looked at it—I asked them a couple of years

ago, it must be—but I do not think anything has happened to that yet.

Only this year Canadian Cannery—not necessarily in my riding; it is in the region of Haldimand-Norfolk—has announced that it is putting up for sale an 80-year-old pickle plant in the town of Waterford, which is in the city of Nanticoke. Again, I wonder whether there are programs that would be useful to get these plants operating again.

The pickles are grown in that particular area and they grow extensively. Now what is going to happen? Are they going to be trucked to some other destination? Perhaps the producers themselves would like to get together, take over this plant and make it operate so it would provide employment for that area.

The Vice-Chairman: Second question.

Mr. G. I. Miller: That is the second question.

The other one is the fact that farmers have been having storage problems for corn crops this year. I went to the Board of Industrial Leadership and Development program with the Minister of Agriculture and Food (Mr. Timbrell), and indications were that no funding was available.

With the depressed price of corn and what it really means to the overall economy of Ontario, I wonder what role this ministry, and in particular the Ontario Development Corp., is playing in providing funds to assist farmers in providing extra storage space.

I might just indicate that at the beginning of the year a 50,000-bushel storage bin was put up by an individual farmer who has a drying plant and provides a good service for an expanding corn growing industry within the boundaries of the old county of Haldimand, which includes South Cayuga; and, again, before the crop was off, he had to finance another 50,000 bushels. He did that financing through the bank, because the Ministry of Agriculture and Food does not have any funds or there are no funds available at present.

Again, I wonder whether the Ontario Development Corp. is interested in providing this type of service to the farming industry at an interest rate that would give the industry some financial assistance.

Hon. Mr. Walker: Let me answer the last question first. Under the BILD program, as you know, we have a five-year budget of some \$20 million that has been allocated for fruit and vegetable storage. I can give you three examples that have been approved right in your own

bailiwick: William Proseck in Norfolk county, \$76,600 to assist in the construction of 2,500 cabbage storage bins; Binkley Apples Ltd. in Thornbury, \$57,300 to expand storage and improve shipping and receiving facilities—

Mr. Wildman: That was after you sold American apples with the Foodland Ontario label on them.

Hon. Mr. Walker: Was it?

Mr. Wildman: Yes.

Hon. Mr. Walker: Ontario Produce Ltd. in Brantford, which is right in your own bailiwick, \$44,400 for an innovative potato and onion packaging system plus an onion drying and conditioning room.

Mr. G. I. Miller: Yes, I understand that. I am not questioning that.

Hon. Mr. Walker: So we have three examples.

Mr. Riddell: Are you taking the credit for that, are you going to give it to the Minister of Agriculture and Food or are you going to give it to the BILD program?

Hon. Mr. Walker: I am simply reading the BILD—

Mr. G. I. Miller: Listen, my colleague is interjecting. I support anything that will assist the agriculture industry, and I do not care who gets the credit as long as the job gets done.

What really concerns me is the fact that you give that money to those farmers, and I think if you had given it to them at a low interest rate it would have done more people a heck of a lot more good. This is my very frank expression of that program. Again, if you could have extended it to that corn farmer at a low interest rate it would have stimulated the industry more broadly.

The Vice-Chairman: Mr. Miller, I think you have your questions on the record, and perhaps you could pursue this matter with Mr. Croll and the minister at some later date. Before I am pressured into doing something I do not want to do, let us pass the vote.

Mr. G. I. Miller: I just have one more question to ask, and that is in regard to my second question.

The Vice-Chairman: Really I cannot. We are over time now by about seven minutes.

Mr. G. I. Miller: Okay. I would like you to pass this picture of six million tires stored—and we have discussed it before—

Mr. Wildman: Six million tires?

Mr. G. I. Miller: Six million tires, and they have the facilities put together to pick up a million tires a year. I had correspondence with the minister last spring, and I just wondered whether any progress was being made. The letter was dated May 10, 1982, and indicated there was not any funding to help the owner, but a Canadian company is investigating the possibility of establishing a tire shredding plant at Nanticoke. Is there any report on that?

9:10 p.m.

The Vice-Chairman: Those three questions have been duly noted.

Mr. Sweeney: Mr. Chairman, surely this minister and the Minister of the Environment (Mr. Norton) could get together on that one and talk about a recycling project.

The Vice-Chairman: I am sure they will. Can we deal with vote 2204?

Vote 2204 agreed to.

The Vice-Chairman: This concludes the consideration of the estimates of the Ministry of Industry and Trade.

Lady and gentlemen of the committee, I suggest that the ministry start this movie and if you want to do a little circulating over the next 10 minutes, one group of ministry staff can leave while the other group of ministry staff comes on board. Then we will get on with the estimates of the Ministry of Municipal Affairs and Housing.

The committee viewed a film at 9:12 p.m.

9:20 p.m.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

The Vice-Chairman: We are here to hear the estimates of the Ministry of Municipal Affairs and Housing. We have in attendance the minister and the deputy minister, Mr. Cornell.

I trust the minister would like to make an opening statement.

Hon. Mr. Bennett: Mr. Chairman, first of all, I would say I am delighted to have the opportunity to be with such a distinguished group of people at this late hour of the evening.

Mr. Chairman, ladies and gentlemen: Since presenting the estimates to the members last year, there have been some important changes in my ministry. Not the least of these is the appearance here today of my new deputy minister, Mr. Ward Cornell. I am sure Ward needs little introduction. Many of you doubtless will have heard of him or will have met him in some of the important government posts he has held

in the past, including that of the agent general for Ontario in London, England.

Mr. Riddell: I had the privilege of visiting him in Ontario House a couple of years ago.

Hon. Mr. Bennett: Did he buy you a drink while you were there?

Mr. Riddell: Well, he was very good.

Hon. Mr. Bennett: What does that mean?

Mr. Cornell: Thank you.

Mr. Breaugh: The man treats you royally, is what he is trying to say.

Hon. Mr. Bennett: He keeps on the move.

Mr. Epp: They tell me you have a real barn-burner tonight, Claude.

Hon. Mr. Bennett: Well, I am going to tell you, Herb, I will try to make it just about as exciting as yours. How's that?

Mr. Epp: You have some to go then.

Hon. Mr. Bennett: It will not take a great deal to achieve that success, I am sure.

Mr. Epp: You had better start working on it then.

Hon. Mr. Bennett: I accept those challenges, full fledged in every way.

I also have another gentleman I would like to introduce.

Mr. Epp: Did Ward write this for you?

Hon. Mr. Bennett: I wish he had; the punctuation probably would have been better. He did a little different underlining than I will do.

9:20 p.m.

Mr. Epp: What do you like better, Ward? Is it better than Hockey Canada?

Mr. Cornell: It would be inappropriate to comment.

Hon. Mr. Bennett: He said this was just like another culture in Canada. How's that?

Mr. Sweeney: Queen's Park? I agree.

Hon. Mr. Bennett: No, the type of housing. Susan, are you going to stay around? This kind of discussion could lead us all into trouble.

Mr. Sweeney: Coming from the riding of St. George, she is prepared for anything.

Hon. Mr. Bennett: That must be Margaret Campbell's assessment of that riding, wouldn't you say, Michael?

Mr. Breaugh: It's bad when the New Democrats are providing the decorum in a committee.

Mr. Sweeney: You were saying, minister?

Hon. Mr. Bennett: I am having a hell of a time. If you had a classroom like this, Mr.

Sweeney, I am sure you would make sure there was a little more—

Mr. Sweeney: You'd all be standing out in the hall.

Hon. Mr. Bennett: And not chewing gum.

Mr. Sweeney: You'd be out on your nose.

The Vice-Chairman: Minister, you can see why we wanted you here promptly at nine o'clock. It is now nearly 9:25, and you haven't got three pages done.

Mr. Sweeney: You haven't accomplished a thing.

Hon. Mr. Bennett: No. I am still having trouble with the first page.

There is another new face with us in the Ministry of Municipal Affairs and Housing, a gentleman who worked with the Management Board for a number of years and now is the assistant deputy minister reporting for the community housing division, Mr. Len Pitura.

Len, hold up your hand, in case they do not know you came from Management Board

[Applause.]

Hon. Mr. Bennett: You have at least got Susan on your side; I am not sure about anybody else around the room.

Mr. Riddell: What was the last name again?

Hon. Mr. Bennett: Pitura. I am not sure what nationality it is, Jack. Since it is against human rights to inquire, I have refrained from doing so.

One important key to success in any endeavour, whether it be government or private business, is responsiveness to the changing conditions of our time. I am proud to say that the Ministry of Municipal Affairs and Housing has played and will continue to play a leading role in the understanding of emerging trends in shelter and local government needs and effectively responding to them.

There are three basic factors that underlie the rationale of my ministry's past and future actions; namely, the importance of maintaining a strong system of local government, the changing profile of Ontario's population and, finally, an increasing awareness that we live in a world of limited resources.

Let me elaborate on these three important factors, how we have responded to the challenges they present and how we will continue to do so in the future.

Mr. Epp: Minister, do you have a copy for us?

Hon. Mr. Bennett: I will have a copy for you at the conclusion. Is that soon enough?

Mr. Wildman: He wants your rapt attention.

Mr. Epp: I thought I could follow it and underline and so forth.

Hon. Mr. Bennett: When I am delivering a speech in Waterloo or in other places, I say to the press to check against delivery. If I am the one who has to sing for my supper tonight, then I figure everybody should do the same. Listen to what I am saying, and at the conclusion you can get a copy, underline it, understroke it, stroke it out, do whatever the hell you want with it, just as long as you have a copy for your files so you can respond again next year.

Mr. Sweeney: Some of those things are illegal.

Mr. Stokes: That's what they do in church now. They don't let you read the prayer books; so you have to pay rapt attention when he is up reading the gospel.

Mr. Sweeney: That's why half the people are asleep.

The Vice-Chairman: Carry on.

Hon. Mr. Bennett: I am not sure which denomination you fellows are speaking about.

Mr. Riddell: I suggest you take a collection at the end, and then you will find out just how well we were listening.

Hon. Mr. Bennett: What's that, Jack?

Mr. Riddell: We should send a collection plate around at the end of your presentation.

Hon. Mr. Bennett: If it is a contribution to my campaign fund, I will accept all generous contributions—

Interjections.

The Vice-Chairman: Order.

Mr. Stokes: Now that we know you are not going to give us a copy will you start over?

Hon. Mr. Bennett: If you wish, sir.

The Vice-Chairman: Moving right along.

Hon. Mr. Bennett: In which direction?

Mr. Sweeney: I think we are making more progress here than they are in the House.

Hon. Mr. Bennett: That would not be a hell of a challenge to any of us, I can assure you.

Mr. Epp: It is obviously the chairman who is pulling you up.

Hon. Mr. Bennett: The chairman was telling me tonight this is a rough committee; you have already put one chairman in the hospital.

It has always been my belief that this province is blessed with an excellent system of representative and accountable government, and my ministry is committed to supporting and strengthening that system. It becomes even

more important in a time of financial restraint when the setting of priorities is all the more vital for the utilization of limited funds. I will be referring to this issue again as we proceed through our estimates.

It is encouraging to be able to inform you of some of the significant achievements in provincial-municipal liaison that have been undertaken over the past year in such areas as the Planning Act and the Municipal Boundary Negotiations Act. I will elaborate on this as we go through our estimates.

In today's climate of increasing restraint, municipalities will need to take a long, hard look at their financial commitments. Through our Municipal Action '85 program, municipal officials are developing a new and improved capacity to cope with the increasingly difficult challenges municipalities face in our province.

The rapid acceptance of the Association of Municipalities of Ontario as a unified voice for the municipalities has had the full encouragement of the province, and I look forward to a continuing exchange of information and ideas between my ministry and the association in the coming years.

Mr. Chairman, you will recall that association became the unified force just 14 or 15 months ago, and while some would say we have not worked effectively and efficiently with it, I think we have, and I think it has produced some very effective results for the other ministries we have been able to get to meet with the AMO executive.

The recent election of municipal government representatives for a three-year term will, I believe, bring about more effective local government management. The opportunity now exists for municipalities to engage in long-term planning while still taking care of the daily administration.

I will now move on to an area of concern that affects municipalities as much as the senior levels of government in their decision-making, namely, the changing nature of population and household trends. Once again, given limited funds, increased importance is placed on understanding such trends to ensure that support is given where the need is greatest.

The key demographic shifts that can be expected in the immediate future are a continuing slowdown in the population growth, with a continuing decline in immigration levels. The maturing of the province's population will also mean a trend towards a slowdown in total household growth. However, the rate of increase in senior households will be higher than in

previous periods. The decline in the average household size can be expected to level out as more couples have children, although the average family size will be low by historical standards in Ontario.

Given these anticipated trends in population and household growth, a key objective for my ministry will be to assist the residential construction industry towards an orderly adjustment to the changing level and pattern of housing demand. We will also encourage the industry to develop more flexible forms of housing. The shelter needs for seniors are widely divergent from the needs of young unattached adults, and it will be important for builders and developers to be cognizant of the changing nature of our shelter needs.

A valuable role is being played by the province in providing information and encouraging awareness of these emerging demographic shifts in the 1980s to assist local municipalities and the private sector in determining their future directions.

The need to make the most of scarce resources heightens the necessity to preserve our existing housing stock and to educate the public to conserve energy in a time of declining housing production and rising energy costs.

One approach currently being used successfully by the province to guide and advise the public on energy conservation is through demonstration projects such as our "Seal your house" campaign. The development of Howland House in central Toronto as a housing renovation and energy conservation demonstration centre is another important accomplishment in this direction.

The issues of renovation, conversion, infill and redevelopment are the subjects of ongoing review within my ministry. This places us in a good position to promote the continued maintenance of existing housing stock, with particular emphasis on improving its energy efficiency.

We are confronted on all sides by the necessity for real restraint. This is an immediate priority to ensure that the growing signs of recovery from the current economic recession increase in strength over the coming year.

A significant bright note, especially for the construction industry, is the easing—and I emphasize that—in the cost of borrowing in this province and this country today. The consensus among economists is that the rate of inflation will decline in 1983.

9:30 p.m.

A most needed stimulus is already being provided to new construction through the provision of our \$5,000, interest-free loans to purchasers of new homes. And we should not overlook the impact of the Ontario rental construction loan program, which resulted in a take-up of some 15,730 units with a provincial outlay of more than \$94 million last year.

To date, nearly 5,800 rental apartments have been completed under this program, with another 4,900 built to the roof stage and the balance at various other stages of development. I will return to these two programs later in my remarks.

I feel that the overall goal before us is to maintain the momentum of the specific policy directions developed since the inception of the new ministry. This objective has been the motivating factor behind some significant organizational changes and the importance that has been attached to the development of strategic planning within the Ministry of Municipal Affairs and Housing.

We are continuing to examine our program goals to determine whether they are still valid and making an effective contribution to the ministry's overall objectives for this province.

During the past few years our focus has shifted to more delegation of planning authority, an advisory role in the area of renovation and, in conjunction with the federal government, increased emphasis on municipal non-profit housing.

For this ministry, a continued re-examination of its goals and objectives and how they can best be achieved is mandatory. Continuing a systematic review of each program within the ministry to determine its validity and effectiveness is important in the present generation of constraint environment. Faced with fewer resources, the ministry is being asked to maintain services and even improve on them. This will require a determined effort to manage our priorities and to make difficult decisions.

As I mentioned earlier, my ministry is committed to meeting today's needs for improved local decision-making capacity. The delegation of powers to municipalities in the new Planning Act is a very outstanding example of this direction. Open council meetings have the impact of making municipal representatives more directly responsive to their constituents. Both of these reflect a government which is undertaking responsible action on behalf of Ontario's citizens.

Co-operation between the various levels of government and between the public and private sectors is crucial during these times. My ministry is joining with the municipalities and the housing industry in a series of measures designed to share costs and experiences on a partnership basis.

I would like now to move on to discuss some specific operations of the ministry. First of all is planning and the activities of the community planning wing. As you know, we are expecting the passage of Bill 159, Ontario's new Planning Act, soon. The new act establishes a different and improved role for the province in land use planning.

I will briefly outline for you what I consider to be the most significant changes in this particular act: the evolution of the planning system in Ontario resulting in the new act; the new legislative concept regarding "provincial interest" and "provincial policy statements," and the delegation of minister's approval powers to the various local bodies.

You might ask, why do we need a new Planning Act and what changes will it bring to the manner in which the province operates? As I am sure you are aware, the present Planning Act was originally passed in 1946, when Ontario was entering a period of rapid post-war development. Needless to say, planning then was not very sophisticated relative to today's standards.

The act took a somewhat fatherly approach to the way municipalities were allowed to conduct their planning programs. The power to give final approval to land use matters was vested in the province, through the minister.

However, times change. We have gone from being a province that was 70 per cent rural after the Second World War to one that is now 70 per cent urban. During this period of urbanization, the provincial government tried to keep pace by changing its role in municipal planning from a supervising and approval capacity to promoting greater local planning responsibility in the actual decision-making.

A good example of the shifting of these responsibilities was in the establishment of regional government. From a planning point of view, this new level of government enabled local decision-makers not only to participate in the approval of matters affecting their municipalities, but also to co-ordinate the planning activities that had an impact on a regional scale.

However, even with these changes, the necessity to review our legislation to ensure that it was

relevant to today's conditions became more and more obvious, and eventually resulted in the decision to undertake a comprehensive review of Ontario's planning system.

During this review, which began in 1975, our background studies and extensive public participation process revealed that while the existing act was still working reasonably well, it did not provide appropriate planning mechanisms to deal with the shifts in community and social values that had taken place since 1946.

Also, environmental and economic issues were entering the public debate more often on planning matters. At the same time, various professions were creating a higher level of planning capability throughout this province, particularly at the municipal level. All of these factors indicated that some changes, including changes in the provincial role, were required.

For example, as a result of land use issues that transcended local and regional boundaries, there developed at times a need for the province to enter into land use control directly. This action was needed in order to safeguard matters of provincial interest—thus our role in the Niagara Escarpment.

As a result of this direct intervention, many of our colleagues called for a provincial plan for the entire province. Although we did attempt a growth plan for the Toronto-centred region, known better to you and me as the Toronto-centred region plan—it became very obvious to us that a plan of that nature could not address the diverse issues affecting growth in the entire province.

Still, through our review of the planning process, many groups, especially municipalities, urged the province to provide some form of framework within which local plans could be prepared.

The new Planning Act responds to this request by legislating the role and interests of the province. The province's "fatherly approval approach" has been replaced by a recognition that municipalities should make more of their own decisions and that the province should concentrate on safeguarding matters of a provincial nature, such as the Niagara Escarpment, and ensuring that adequate land is available for food production.

The new Planning Act sets out a series of provincial interests in municipal planning as a framework for local decision-making, and goes on to enable the province to issue policy statements on specific matters related to municipal planning.

The new process will enable municipalities to be aware in advance of what provincial interest are when preparing their local planning documents such as the official plans. Municipalities will be required to have regard for these policy statements whenever making a land use decision.

The new Planning Act contains broader opportunities for delegation of the minister's approval powers, particularly the delegation of subdivision approval to qualifying counties and cities outside restructured upper-tier municipalities.

By broadening its delegation policies, the province has taken the position that the actions of a local government should be supervised, but only to the extent required to protect clearly defined interests of the provincial government and to maintain the integrity of the process established by provincial legislation and regulations.

We recently completed an assessment of the provincial role in monitoring delegated planning powers. The result is that the focus of provincial participation will continue to evolve away from local concerns in the planning process, to the protection of provincial interests. This will be done by monitoring the operation of delegated planning powers to ensure conformity with provincial policies and interests.

Staff recently met with the regional planning commissioners to discuss our new approach to monitoring, and over the next few months discussions of this nature with our municipal colleagues will help ensure the co-operation and active involvement of all partners.

Although the provincial role is changing, most of our existing services and programs will remain. We will continue to assist municipalities in their planning duties through our field office staff, educational seminars, and grants for preparing official plans, zoning bylaws and other municipal planning studies. Over the past six months of the fiscal year we assisted 113 municipalities and joint boards in this very fashion.

9:40 p.m.

The energy conservation through land use planning grants program, which is funded by the Ministry of Energy and administered by my staff, has been very successful in making municipalities aware of the need to examine their land use planning policies and practices from the perspective of energy conservation. Municipal demand for these grants this year has been such that additional funds have been requested from the Ministry of Energy.

The review and approval role will continue to be carried out by the plans administration staff of our ministry, who are available to assist our client groups on planning matters. Over the past year, the plans administration staff has approved 19 official plans and numerous official plan amendments. Among the more significant official plans, the following are notable.

The new Richmond Hill official plan promotes development of one of the more rapidly expanding communities in the province. The processing of this document necessitated full ministry co-operation with the municipality and the approval was secured with a minimal number of referrals. I trust those who are aware of the original documentation of the Richmond Hill official plan will appreciate that the new plan was a major achievement in the light of the number of objections that were lodged about the original plan that was filed with us.

A second notable approval was that of the Innisfil official plan. The quick handling of this document was necessary to permit the resolution of the Barrie-Innisfil annexation issue. Finally, there was the approval of the Lambton County official plan, which is one of a small number of comprehensive county planning documents. This may be the beginning of a trend towards a more integrated planning approach for smaller communities in southwestern Ontario. Staff were involved in the successful conclusion of the hearings on the Brantford annexation and resolving of the related official plan issues.

During the past year, Niagara Escarpment development control has been partially removed from eight of 34 municipalities in the Niagara Escarpment region affected directly by this issue. In line with deregulation in my ministry and more local responsibility for planning implementation, minister's zoning orders have been removed from 28 municipalities.

We will also continue our community renewal role, which assists in the upgrading of the physical environment of municipalities in Ontario through the Ontario neighborhood improvement program and the revitalization programs of the ministry. The Ontario downtown revitalization program has achieved some notable successes in the current year with the start of a major project in downtown Guelph and the completion of projects in Chatham and Sarnia.

The ministry is successfully supporting private sector efforts in the revitalization and improvement of commercial areas in many Ontario communities by lending support to the

Ontario Business Improvement Association. This association is composed of the members of business improvement areas, almost all small businessmen, and works closely with ministry staff in the design and implementation of improvement programs.

Let me go on to the issue of housing and to the community housing wing. As I mentioned earlier, this wing is headed by the assistant deputy minister, Mr. Len Pitura, who also functions as vice-chairman and chief executive officer of the Ontario Housing Corp. A study has been undertaken to review alternative means of integrating the existing functions of OHC and the new community housing wing.

Specifically, our aim is: (1) to integrate the head office structure to improve administrative efficiency and cut costs; (2) to strengthen the local housing authority system; and (3) to review the role of the OHC board. The need for financial constraint applies to the OHC as it does to all our current programs. For example, this year OHC is contributing towards the subsidies of more than 114,000 units on rent-geared-to-income units in our province. The total 1982 subsidy, shared 50 per cent by the federal government and 50 per cent by the provincial, will amount to an estimated \$297 million.

The principal factor in subsidy growth is the rapidly escalating cost of services that are being provided by the government. These include heating, electricity, snow clearance, grounds maintenance and the upkeep of an aging housing stock. In addition, there are the grants to municipalities—and I want to underline this, Mr. Chairman—in lieu of taxes on the properties owned by Ontario Housing Corp. in the amount of \$58 million.

Here are some of the things we are doing to control the growth in housing subsidies while maintaining our levels of service:

The continuation of the preventive maintenance program as a long-term measure, in order to minimize the need for equipment replacement and the upgrading of our buildings in the future;

Energy conservation, which includes a retrofit program to upgrade insulation and install water-saving devices, and an ongoing inspection of heating plants, thermostat setbacks, weatherstripping and caulking. We also have an energy conservation reporting system which automatically rates energy consumption in 721 OHC buildings across the province;

The principle of zero-base budgeting of major

expenditures and the close monitoring of housing authority budgets;

We have introduced monthly leases, thereby eliminating the administrative expense associated with the renewing of leases on an annual basis. Tenants, however, continue to enjoy the security of rents established on an annual basis;

We have the renegotiation of some very comprehensive and a vast number of documents on payment programs of moneys borrowed to develop these structures over the last number of years from Canada Mortgage and Housing Corp.

A notable accomplishment of the wing this past August was the organization of a meeting of senior provincial officials associated with assisted housing. Every province was represented at this first meeting of its kind, a co-operative effort to discuss mutual concerns in an effort to reduce program costs.

The community housing wing is continuing to make a large contribution to socially assisted housing in the municipal nonprofit housing field. I am sure, Mr. Chairman, you and the members know the amount of activity in this area is determined by the number of units allocated by my counterpart in Ottawa representing the federal government.

Under the municipal nonprofit housing program administered by the ministry, up to 50 per cent of the units for seniors are occupied on a rent-geared-to-income basis and up to 25 per cent in the family developments are allocated on the same basis.

For 1982, the federal allocation for all municipal nonprofit, rent supplement, private nonprofit and co-operative programs was set at 7,400 units. Just over 2,800 units were allocated to the ministry for municipal nonprofit and the remaining 4,600 units were allocated to private nonprofit and the co-operative groups in our province. To date this year, we have committed 2,666 municipal nonprofit housing units and we have identified another 1,643 units which could be started immediately if federal allocations permitted.

I should mention at this point that I met yesterday with Mr. Roméo LeBlanc, the federal minister reporting for housing, in an effort to try to secure for this province a new allocation for the current year and an increased allocation for the year 1983. The only reason we asked him for an increased allocation for 1982 was that we understand some of our friends in the western part of Canada, two or three of the provinces, will not use up the full allocation assigned to

them many months ago. We thought it was appropriate that Ontario should make a sincere effort to try to salvage some of the nonprofit units that would have been built in Canada. But we have been given no assurance.

I am somewhat optimistic. Mr. LeBlanc seems to be very sincere in trying to find some answers to what he knows are major urban problems even in central Canada. Whether we get the money, only time will tell. The period in which we have to operate, as you can appreciate, is now down to something less than 30 days between now and the end of December.

9:50 p.m.

What will happen in the year 1983 we are not quite sure, although I must say I did not come away from the meeting with the most optimistic feeling that Mr. LeBlanc was going to be able to convince Mr. Lalonde to give him more money as he thinks he should, for the development of more of the units in this particular category of responsibility.

As I say, there is little or no prospect of additional federal allocations at this time. I mean that very sincerely. I am not saying that with any disrespect for Mr. LeBlanc. I think he understands. He said to me: "You will appreciate I am not a minister from central Canada. I come from a small maritime province but I understand the requirements of the major urban communities of Ontario, Quebec and some of the western provinces, so do not get the idea that I am blind to what goes on, because I am not."

But I think we will experience in this current year, and I said it to Mr. LeBlanc yesterday, a shortfall of something close to 1,500 units that could be built by municipal nonprofit housing corporations across Ontario. That falls short because of the lack of units being allocated to us by the federal government.

I do not think the picture will be much improved in 1983. We are negotiating an allocation for something in the range of 4,767 units for that coming year, but we have received a federal allocation of roughly only 2,200 for the moment. I say "for the moment" because there could be some changes as time goes along.

I make it clear that it is regrettable, because we feel that municipal nonprofit housing is satisfying a need we cannot afford to ignore in this province and, indeed, in any other part of Canada. It is complementary to the traditional kind of social housing we have provided in the past and it has the future advantage of integrat-

ing citizens into more diverse communities throughout Ontario.

I hope that in my meetings with Mr. LeBlanc in the next few months we will be able to find greater understanding and maybe the securing of additional units for Ontario.

In addition to municipal nonprofit housing, we are looking at other possibilities. One does not have to look far to realize that many millions of dollars are invested in land servicing by provincial, federal and municipal governments and also in the transportation systems that are at this point being underutilized in our province.

To make best use of this investment, we have been encouraging municipalities, planners and developers and others to seek new ways of creating housing for the people of Ontario.

We are asking questions. Can empty schools or warehouses be converted to residential housing? Can better use be made of public land or air space above some of the facilities we have in this province? Is senior citizen accommodation feasible in such places as shopping malls? Will proposed changes to the building code make such work much more practical for the contractors, developers and investors in Ontario?

We have also been concentrating on the conversion and improvement of accommodation through the rehabilitation of existing residential buildings. The initial response of municipalities and landlords has been most encouraging.

A possible source of additional accommodation is those homes that have become too large for couples whose children have grown up and moved away from home. It is a startling fact that most half of the homes in Ontario are occupied by only one or two people. An income-producing apartment in such a dwelling could be occupied by senior citizens, allowing him, her or them to remain in their unit or home and be able to provide accommodation for an additional party.

I have talked to several mayors and this suggestion has been made. Mr. LeBlanc made it yesterday as to what he thought about it in the community in which he lives in Ottawa, which happens to be in the riding of Ottawa South. In going to and from work he has realized there are a large number of homes that are occupied by very few people that could be easily divided up and made into two accommodations or two residences.

One of the problems we are going to have, and I think we both recognize it, is that while we realize the significance, we realize the impact it

could have in providing residential accommodation. The sales job will not be singularly Mr. LeBlanc's and it will not be mine representing the provincial government; it will be an effort to try to sell the idea to people in that community that to allow for the multiplying of units is not altogether going to be detrimental to their real estate value, but will be answering some of the social requirements of our day in providing accommodation for seniors and single mother-led families.

We talked also about pilot renovation projects which the ministry could undertake in a number of selected municipalities. A number of them have already indicated an interest in creating additional housing through some of the existing stock that is in their particular communities.

This series of projects, I think, could show how additional rental units can be created in an efficient and relatively inexpensive way with minimal disruption to the local community.

Our past experience with our downtown and main street revitalization programs has shown that demonstration projects have a multiplier effect as others see and follow.

Another demonstration project already enjoying much success is Howland House developed by the ministry, which is here in Toronto and was opened just two weeks ago. I say with some degree of satisfaction that it has drawn relatively large crowds of visitors to look and to see what we have been able to develop.

Howland House was co-ordinated by our housing renovation energy conservation unit, and was undertaken in co-operation with the Ontario Ministry of Energy, the city of Toronto, the Toronto Homebuilders Renovation Council and a number of contractors and consultants in the private sector.

Howland House is a semi-detached house built in the late 1800s. It was completely remodelled as a demonstration centre for home renovation energy conservation. As an example of the efficiency of the remodelling, it is estimated the heating costs for this three-bedroom house will be a mere \$100 for the coming winter.

I take the opportunity of inviting the honourable members to visit Howland House which is located on Howland Road in the Riverdale district. It is open five days a week, including weekends. Staff are on hand to answer questions and to provide facts and information sheets for anyone interested in tackling his own renovation and energy conservation projects.

Another thrust that the community housing

wing has undertaken in this direction is a joint study with the Association of Municipalities of Ontario. A steering committee of AMO and the ministry officials was formed nearly a year ago to investigate ways of making better use of the existing infrastructure and housing stock in our province. Their aim was to study housing demand, changing demographic factors, the use of in-fill and conversion, and the regulations and problems which stood in the way of the proposed changes.

Their report is in its final stages and will be formally presented at the New Neighbourhood Forum which this ministry is holding at the Royal York Hotel on January 30 through to February 3, 1983.

The community housing wing is organizing this event in conjunction with some 32 international, national and provincial agencies representing governments, professional societies, the development industry and community groups.

At this conference, forum workshops will cover such basic themes as the future housing needs, urban housing strategies, economic planning of older communities, energy conservation in housing, revitalizing commercial areas and ways of making our communities more livable.

Over 180 experts will lead discussions and we expect more than 1,000 delegates in attendance. As in the previous large annual educational seminars that we have conducted in the ministry, we expect the forum to generate sufficient revenue to cover its costs.

Let me get on to the area of land. I would now like to review the operations of the real estate wing of my ministry and the Ontario Land Corp. Some of what I am going to say will be familiar because of the review of OLC recently completed by the standing committee on procedural affairs.

When I appeared before the committee to outline the corporation's plans and prospects, I stressed the long-term goals it had adopted. These were in keeping with the larger ministry and government mandate to rationalize and streamline operations while maintaining an efficient delivery system to the public of Ontario.

I would like now to expand on some of these comments, particularly in light of what I would call some misconceptions that subsequently appeared.

10 p.m.

Before I do, I think it would be appropriate to outline the basic mandate and operations of the Ontario Land Corp. In essence, it is a plan to develop, market and manage some of the 28,000

hectares of provincially owned land held for residential, commercial and industrial development throughout our province.

The merger of OLC with the Ontario Mortgage Corp. earlier this year created a new entity. This new entity provided a viable way to repay over the next 20 years, the \$1.2 billion which is owed to the provincial Treasury and to Canada Mortgage and Housing Corp.

An integral part of this process is the plan now being developed with regard to our main land holdings which are designated as land banks. I said at the hearings of the standing committee on procedural affairs, and I repeat here today, that in addition to its continuing program of developing and/or selling its residential, commercial and industrial land, the corporation would also be looking at strategies for disposing of its land banks. It is this latter point which seems to have generated some heated speculation, but very little light.

Let me, for a moment, outline once more exactly what is planned. First, we are not embarking and will not embark on any sort of a fire sale, as was intimated by some. What we are doing and will continue to do is to look at all our holdings and, after consultation with other ministries, with the municipalities and with the private sector, determine which land in our portfolio will not be needed for development over the next 20 years.

Finally, we will, in consultation with those groups, try to determine the best possible use for any surplus property and then dispose of those surpluses in a manner which provides the best use and return to the citizens of Ontario.

One of the holdings that remains in the public eye is Townsend. If I may, I would like to put that project in its right perspective. Townsend is a community. With the sale of 28 houses in Townsend over the past few months, the community will soon have a base population of more than 300 persons. Construction of the new regional administration building is proceeding on schedule and, with its completion and occupancy next year, we should add to that population base.

I want to bring out these points because I think it is time that all of us recognize that Townsend is a fact and is growing. More important, it is well positioned for growth when the economy does turn around. I say this because it is often forgotten that the planning and development of communities like this is a long-term process.

One need look no further than to Malvern in

the Scarborough area of Ontario to anticipate the necessity for looking at this type of project over the long term. Malvern, like similar developments in other jurisdictions, such as Great Britain and France, took many years to move from drawing board to a viable community. Townsend will be no different. It is a difficult, sometimes arduous process, but it does work and I am convinced Townsend will eventually meet our expectations.

The creation of the new Ontario Land Corp. that resulted from the merger with the Ontario Mortgage Corp. has created an entity that is more than a development operation. It is now a financial and development agency that administers some \$700 million in mortgages, leases and other agreements. The corporation and its staff are now well positioned to respond to the changing nature of the markets and today's needs.

For example, corporation staff administers our very successful Ontario rental construction loan program, which was launched in January 1981, to encourage the building of rental accommodation. To assist in bridging the gap between economic and market rents, the Ontario rental construction loan program provided interest-free loans of up to \$6,000 per unit. The total take-up for the program was 15,730 units with funding from provincial resources in the neighbourhood of \$94 million.

More impressive, I think, is the fact that the program represents a total of public and private investment in excess of \$700 million. Also impressive is the fact that construction starts for rental accommodation exceeded our original goal by more than 5,000 units. If I may say so, we could not overlook the fact that this program is generating over 39,000 person-years of direct employment.

The OLC staff are also administering the Ontario renter-buy program which was announced by the Treasurer of Ontario (Mr. F. S. Miller) in his May budget. To date, we have received close to 10,000 applications. New applications are coming in at a rate in excess of 100 per day. It now appears that we will have received some 12,000 or more applications by the time this program ends on December 31 of this year.

Members will recall that this program had a twofold objective: to stimulate the purchases of new homes, and thereby increase employment; and to free up needed rental accommodation, particularly in those communities where the

vacancy rate was one per cent or less.

When we launched the renter-buy program, we knew there would be many people living in apartments who could and would buy a home if they were given enough incentive to overcome their fears about interest rates. We were also determined not to launch a program to move people into accommodation that ultimately they could not afford. That was why the program incorporated certain requirements which included a minimum 10 per cent down payment, and why house price ceilings were pegged at \$115,000 in the Toronto census metropolitan area and \$90,000 in the remainder of the province.

You will recall that in the assisted home ownership program of several years ago, which also was an effort by federal and provincial governments to get people to move into ownership, there were very few conditions applying to the amount of actual down payment which was to be paid. If there was anything that caused federal and provincial governments to be on the run, especially the federal government, because the Canada Housing and Mortgage Corp. was the holder of the mortgage, it was the fact that people did not have a financial commitment to the unit. Sometimes without much encouragement they decided to forgo ownership and left the unit vacant. In some cases that created a devastated real estate market indeed.

The \$5,000 interest-free Ontario loan offered under the Ontario renter-buy program, supplemented by a \$3,000 federal grant, proved a more-than-adequate incentive. I want to say here that I suppose provincial governments seldom recognize the effectiveness of a federal program. In this particular case, the \$3,000 federal grant made the \$5,000 provincial program very viable and did stimulate activity in the marketplace.

I would be less than honest if I said to you that I sincerely believed that, alone, the \$5,000 loan would have stimulated 10,000 buyers. I think—and I so indicated to Mr. LeBlanc yesterday—that the \$3,000 federal grant added the extra incentive that to some degree put to rest the fears about the fluctuation in mortgage interest rates and about job security, the things people look at when moving towards a major purchase.

I also look at the success of a supporting promotion campaign. I said in the House, and I repeat here, I think it was the first time in Canada when the federal and provincial governments came together with industry and jointly

put together an advertising program to move a product that would create both the opportunity for people moving into rental accommodation and the creation of employment as a result of the program.

I complimented Mr. LeBlanc again yesterday for his government's participation in a very effective program. I think the industry would tell you that it has produced positive results in the sale of units.

I might add that of the applications to date, the split between those who are currently in rental accommodation in our province and those who are first-time home buyers is approximately equal. I believe that, either way, this program will help to alleviate some of the problems in the rental situation between now and the end of August of next year.

If I may dwell on this rental issue for a moment, I believe some figures would help us to put in perspective what the senior levels of government have been doing to support rental construction in Metropolitan Toronto.

This year, 3,504 rental units have been completed with government assistance in the metropolitan area. An additional 4,954 are under construction. The province has been involved directly in almost 3,500 of the units that are completed or under construction. Commitments have been made by both governments for an additional 1,642 units.

10:10 p.m.

One cannot overlook the contribution made by the Ontario renter-buy program towards easing the rental shortage. To date, more than 2,700 Metro renters have applied for the interest-free loan and we anticipate that, by the end of 1982, some 4,000 applications will have been received from renters in the Metropolitan Toronto area, which means that our initiative will free up some 4,000 units of rental accommodation. We think that will help ease the pressure, to some extent, on the local rental market of the metropolitan area.

Let me go now to municipal affairs. Moving to another area of ministry activity, I draw to your attention that we are now into our second year as the Ministry of Municipal Affairs and Housing. When the Premier (Mr. Davis) announced plans for the new ministry last year he said, and I quote, "By putting together under a single minister the important programs of municipal affairs, community planning and community development, we increase our capacity to work with municipalities." This new one-window

approach for the municipalities has been effective and we are working steadily to make it even more so.

The importance of municipal-provincial relationships can hardly be overstressed, particularly in these difficult times. This importance can be underlined by pointing out that Ontario's 838 municipalities are in charge of spending extremely large sums of taxpayers' money each and every year. Across Ontario, municipal councils spend roughly \$5 billion annually.

Despite the importance of municipal elections, it has been a sad fact that the voter turnout record is the lowest of all elections. In 1980, 41.5 per cent of the eligible voters exercised their right to vote in municipal and school board elections. In many cases, the figure was below the 30 per cent mark.

Putting the above factors together with the new three-year term for municipal office, it seemed a proper time to try to improve municipal turnout. So, for some months in advance of the November elections, the province conducted an advertising, education and promotion campaign aimed at getting out the vote. You are all familiar with our slogan, "You decide." Whether the final tabulation of the vote is in from all our municipalities, I am confident that a significant improvement will be shown.

Meanwhile, our preliminary surveys indicate that this is the case, with the exception of Metropolitan Toronto. Even there, however, four of the six area municipalities experienced an increased level of voter turnout over 1980. Data have been gathered so far from 165 municipalities, representing over five million eligible voters across our province. The turnout for 1982 was compared with that of the 1980 figures for the same municipalities. Based on these data, the turnout of eligible voters in 1982 was 40.8 per cent. This year it rose to 50.4 per cent which, I think you will agree, indicates a substantial increase in the number of voters who participated in this year's municipal election campaign.

With the exception of Metro, the turnout improved significantly in urban Ontario and also in rural Ontario. The percentage increase was not as great in rural Ontario because the turnout there has always tended to be somewhat higher. Along with the increased turnout and greater interest in the election campaigns, there were fewer acclamations in 1982 than in 1980. Acclamations of full councils numbered 127 in 1980, of the 663 municipalities for which we

have figures. This year the number dropped to 91, of a total of 789 reported municipalities. The acclamation rate dropped from 19.2 per cent to 11.5 per cent.

It also appears that candidates offered themselves for office in record numbers across our province. Our "You decide" campaign was designed to increase awareness of the importance of local government and to focus attention on local issues. The increase in eligible voters at the polls and the decrease in acclamations indicate worthwhile gains. The campaign assisted in increasing public participation in the democratic process and strengthened the mandate of local politicians. I, for one, consider the campaign a worthwhile contribution to improving the municipal government of our province.

In the legislative area, the municipal affairs wing of the ministry has been working on a number of new acts. One of these is the Municipal Boundary Negotiations Act, which was passed in late 1981 and proclaimed in February of the current year. The new act expedites the resolution of intermunicipal disputes over boundaries and related matters, using a process of fact-finding and negotiations between municipal councils.

Since early 1982, the municipal boundaries branch has been laying the groundwork for boundary negotiations between councils taking office later this week. Fact-finding inquiries have been completed in five areas and are under way in eight others at the moment. Ten municipalities had annexation applications before the Ontario Municipal Board at the time the new act was proclaimed and are at present considering their option of using the newer process of the Municipal Boundary Negotiations Act.

The achievements of the municipal boundaries branch have included the effecting of a boundary settlement between the town of Cobourg and the township of Hamilton, the first under the new process. The program remains dedicated to the idea that local councils can and should reach a mutually satisfactory resolution of their boundary and related problems. At the same time, an emphasis is placed both on respecting provincial policy concerns and on ensuring a full and effective opportunity for public debate of any proposed boundary-issue agreement.

Another piece of legislation that has attracted a great deal of interest is Bill 14, An Act to revise the Municipal Conflict of Interest Act. The act is, in essence, a code governing the entire field relating to conflicts of interest as they may arise

regarding members of municipal councils and local boards. The purpose of the new bill is to provide a clearer and more practical code than exists in the present act, while retaining the same basic purpose and procedure.

The Association of Municipalities of Ontario has been pressing for early passage of this legislation. With the support of the members opposite, I hope to see it go through before Christmas. I understand—and I have indicated this to Mr. Dunbar, the executive director of AMO—the bill will likely go for second reading and then be referred out for committee work in January and February. Mr. Epp, is that correct?

Mr. Epp: I understand that is likely so.

Hon. Mr. Bennett: I understand that the Liberals and the New Democrats would like to have an opportunity to go through it at committee, and I can find no fault with that. The date of December 1 will be long passed before we get to finalizing the act, so I really do not see it as being that important to meet the December 1 deadline, which is the one AMO wanted for the swearing-in date of most municipal councils.

Mr. Epp: As you know, there has been some lobbying to try to get it through before the end of the year.

Hon. Mr. Bennett: I saw some letters again today—unless there is some agreement, but I am not sure why.

Here are some of the highlights of the revised statute. The portion of the act dealing with exemptions will be expanded to include an interest that is common to electors generally, and those conflicts that are remote and insignificant. These two changes are designed to remove trivial reasons for conflict of interest situations, such as membership in a service club or a chamber of commerce.

Another new section would allow a municipal council or local board to pay the legal expenses of a member resulting from a proceeding under the act, where the member was found not to have contravened the act. I understand there is some—I will not go into that, but I understand there is one mayor who would have liked us to have—

Mr. Breaugh: Retroactive.

Hon. Mr. Bennett: Yes. I am not sure why.

Mr. Breaugh: Three or four years.

Hon. Mr. Bennett: Three or four weeks might be even closer to the point. Where am I?

Mr. Breaugh: In trouble.

Hon. Mr. Bennett: Michael, I will say I was baited by you.

While a judge may award court costs against the plaintiffs who initiate proceedings on dubious grounds, the member of council may nevertheless incur substantial expenses not covered by those costs.

In addition to eliminating trivial conflicts, the new act creates stiffer penalties for contravention. Where a violation of the new act results in personal financial gain, a judge will now be able to order restitution, in addition to the current penalties of declaring an offender's seat vacant and disqualifying him or her from office.

10:20 p.m.

The current legislation provides that the interest of any spouse, son, daughter or any other relative of a member of a council or local board who has the same home as the member shall, if known to the member, be deemed for the purposes of this section to be also an interest of the member.

The proposed amendment expands the definition of family interest to include the member's spouse or common-law spouse, parents and children, regardless of whether they live with the member or not.

Another change in the act will require more complete disclosure regarding a conflict of interest. Under the previous act a conflict of interest might be declared but the nature of the conflict was seldom disclosed.

Such a minimal disclosure did not permit the public to know and understand the nature of the conflict. In addition, this was sometimes prejudicial to the member who was required to declare a conflict of interest repeatedly where a matter was under long-term discussion. The proposed provision in the new bill will require a member to disclose the general nature of the interest.

In these times of serious economic difficulties one of the top priorities of all municipalities of Ontario is labour relations. A large proportion of municipal discretionary money is spent on salaries, including salaries for the police and firefighters. The Association of Municipalities of Ontario has suggested, and for some time, that the labour-management provisions for these employees should be examined.

As part of the ministry's role in fostering continuing co-operation with AMO, we have been participating in reviews of both the Police Act and the Fire Departments Act with representatives from AMO, the Ministry of the

Solicitor General and the fire and police associations.

The Police Act review advisory committee is well along the way to completing its task. It has had six meetings to date. The Fire Departments Act review advisory committee is just starting up. Mayor Marjorie Carroll of the city of Waterloo heads the municipal delegation for the Fire Departments Act review. With the retirement of Mayor Bert Weeks of Windsor another representative of AMO probably will be named shortly to head the municipal delegation for the Police Act review.

As minister responsible for municipal affairs I have become aware that from time to time new functions arise which must be performed by the government. Traditionally, municipalities have carried out responsibilities related to roads, fire, police, sewer and water, and recreation and parks, just to name a few.

Since the municipalities need provincial legislation to enable them to perform existing and new functions, the ministry must be very sensitive to the emergence of new areas of responsibility. Some of these, of course, are best left to the province, but others, such as energy conservation and energy from waste, are appropriate municipal responsibilities as well.

Accordingly, the proper statutory authority must be vested with the municipalities by a series of amendments to the regional acts, the Municipal Act, the Public Utilities Act or special legislation such as the Toronto District Heating Corporation Act.

We are constantly monitoring new technologies and functions so that we can be sensitive to the needs of the municipalities. A concrete example of what I am talking about is the recent amendment to the acts of the regional municipalities of Halton, Durham and Waterloo, which grants these regions the ability to reclaim the byproducts of sewage, sludge and garbage in the form of energy, hot water recycled materials and steam, and to distribute and sell these byproducts.

The same power was given to the municipality of Metropolitan Toronto a couple of years ago. I plan to propose similar legislation for all the regional municipalities as they request it.

In essence, new technologies will require new financial and institutional arrangements at the municipal level. I look forward to facilitating these changes.

The inflation restraint program introduced by the government has been endorsed by the municipal sector. In its recent brief to the

standing committee on administration of justice, the Association of Municipalities of Ontario stated, "The association wishes to commend the government of Ontario for what appears will result in a most efficient restraint program."

Proposed provincial legislation would impose a five per cent increase on salaries and wages, which make up approximately 50 per cent of the total cost to the municipality. Because of the transition period and the higher allowances for earnings of less than \$20,000, the overall increase will be greater than five per cent in 1983 for our municipalities. Therefore, it will be necessary for our municipalities to keep a tight rein on all nonsalary costs.

While this may not be easy, there are indications that inflation is easing and that settlements in the private sector are close to the restraint program average. This should act to reduce the rate of cost increases of the goods and services purchased by municipalities.

Staff from my ministry have met with five major municipal organizations to date and will be preparing a package to be sent to all municipalities once the legislation is finalized. The field services branch also will be available to advise municipalities on implementation of the program.

As another economy measure, we are working closely with an advisory committee representing municipalities and the investment community. We are seeking ways for municipalities to achieve greater flexibility in their long-term borrowing strategy to minimize interest costs.

In the past few months, we have initiated several amendments to existing debenture legislation. These include permitting municipalities to issue extendible and retractable debentures, reducing the minimum term of instalment debentures from 10 to five years and removing the population restrictions from all long-term borrowing provisions in the Municipal Act. This latest amendment ensures that all municipalities in our province now have equal access to all types of debentures which previously only larger municipalities could issue.

The commitment to provide general financial support to municipal services continues to be a government priority. Last year, Ontario municipalities received from the province about 30 per cent of their total revenues. The figure was considerably higher for the northern and rural municipalities of our province.

Of course, neither we nor the municipalities can ignore the fact that the high-growth period of the 1960s and early 1970s is no longer with us.

Ontario now has embarked upon a program of fiscal restraint designed to produce a reduction in the rate of inflation and in the negative effects of the current economic situation on our citizens.

Whatever the size of the pie to be shared with municipalities in any year, it is important that the funds be transferred in as effective a manner as possible. A number of steps have been taken in recent years to simplify my ministry's unconditional grants program.

For example, in 1982 the ministry introduced electronic fund transfers whereby the grants are directly deposited into the municipalities' bank accounts on predetermined dates. This is of great assistance in helping the municipalities plan their cash flows in each of their communities.

The 1982 program includes a number of improvements. For example, the grants now have been disentangled from the county and regional cost-sharing process. Our review and studies of grants and cost-sharing are continuing in consultation with municipal leaders. I am confident that further progress can and will be made in the year ahead.

Let me now turn to some of the details of the municipal affairs transfer package for 1982, including the unconditional grants program.

Municipal affairs transfers to municipalities come to a total of \$691 million for 1982. That comprises \$662.3 million in unconditional grants, \$25.9 million in payments in lieu of taxes and \$3.1 million in other grant programs. The \$662.3-million figure for the unconditional grants consists of the \$627.3 million shown in the printed estimates plus a \$35-million prepayment authorized early in 1982.

The unconditional grants program mainly consists of six grants. As the word "unconditional" implies, the grants are designed to give local decision-makers greater scope in setting priorities and managing resources in accordance with local needs.

In 1982, all municipalities are benefiting from a general per capita grant of \$11 per capita. This is designed to serve as a basic support to municipal government. The 1982 grant represents a major simplification in the program. Previously the grant rate ranged from \$7 to \$10 per capita depending on a municipality's size. The total 1982 payout will be \$96 million, up about \$18 million over last year. While all municipalities are receiving an increase, the

major beneficiaries are the smaller municipalities across Ontario.

10:30 p.m.

How are we doing? Do you want me to finish?

Interjection: How much have you got?

Hon. Mr. Bennett: I have got 10 pages.

The Vice-Chairman: The consensus appears to be that you should finish your statement. Carry on.

Mr. Breaugh: The attendance of the members is not compulsory. If he can get it over with in eight minutes, let him go to it.

Hon. Mr. Bennett: Thank you. Does that mean you are going to stay or leave?

Mr. Breaugh: That is my first and last blatant show of support for you. Read the damned thing.

Hon. Mr. Bennett: That is one hell of a vote of confidence, I will tell you.

The police per capita grant rates are the same as last year. The payout is estimated at \$113 million, an increase of \$3 million over 1981.

The density per capita grant is paid to certain municipalities in regional areas. The total amount paid is about \$5 million a year.

The general support grant provides an amount equal to six per cent of each municipality's net general dollar levy for the previous year. In 1982, \$201 million is being transferred to municipalities in this way, an increase of about 11 per cent over 1981.

The special support grant for northern Ontario and its municipalities amounts to 18 per cent of their net levy. This is in addition to the six per cent in general support. In 1982, the total will be about \$55 million, an increase of about 15 per cent over 1981.

The resource equalization grant attempts to take account of differences among municipal revenue bases. The grant is calculated by comparing each municipality's equalized assessment per capita to a provincial standard.

The resource equalization grant allocation for 1982 is approximately \$178 million, an increase of about \$19 million over last year. There has been little change from how the grant was calculated in 1981. Equalized assessments are adjusted to reflect differences in local tax assessments, and municipalities are guaranteed no less in their grants than in the previous year. For the first time, however, assessments are being equalized with a three-year average of equalization factors. These features are designed to offset fluctuations in resource equalization

grant payments that have nothing to do with changes in local financial circumstances.

Before leaving the unconditional grants, let me again stress that all aspects of the program are being reviewed with an eye to adapting the grants to changing requirements. The discussions with municipalities on the various points of concern will be one of my ministry's priorities for the coming year.

At this point I want to mention briefly two employment programs in which my ministry has been involved.

This was the sixth year of the Ontario youth employment program. This program, with a budget of \$30.4 million—\$23.4 million initially plus \$7 million provided through the Board of Industrial Leadership and Development—has created 63,000 jobs, with grants going to 21,225 employers. The program provides for a subsidy of \$1.25 per hour for each eligible employee between the ages of 15 and 24. Each job must have a duration of at least eight weeks, with a minimum of 20 and a maximum of 40 hours per week.

The Ontario employment incentive program created more than 8,300 jobs on local government projects across our province. It was a program of special assistance to our 838 municipalities, and some 708 of the municipalities participated. The original budget was \$34.5 million, and an additional \$500,000 was allocated by the Ministry of Northern Affairs in respect of unorganized territories. BILD was responsible for the co-ordination of the overall program.

Another activity of my ministry in which I take pride is our implementation of government policy on French-language services. In almost every case of program development and communications strategy, the provision of service in French has been an integral part of the planning process from the very beginning.

One significant achievement in the area of municipal affairs has been the passing of an amendment to the Municipal Act that now permits municipalities to conduct their proceedings, pass their bylaws and resolutions, and adopt their official plans in both English and French. This amendment received royal assent on November 18, 1982.

In addition, all advertisements and news releases involving Ontario's designated areas are routinely sent out in French. The number of our French-language publications has gone from 32 to 60, an increase of 87.5 per cent. Information kits, program brochures and background

material on all major programs and legislation made available in French.

A major undertaking of the municipal affairs program this year was the initiation of a three-year program to help municipalities increase their productivity and improve their cost-effectiveness and administrative expertise. It is called Municipal Action '85.

Of all levels of government, the municipal level in this difficult economic situation is probably under the greatest direct pressure from taxpayers to minimize expenditures and to constrain tax increases, although demands for local services are generally undiminished.

Municipalities were already taking steps to improve their productivity. The provincial government recognized this, and last May we launched this program to give incentives for the improvement of local management and productivity. The municipal response has been exceptional, and the program is well under way. There is a direct incentive to the province for improved productivity, for it provides approximately 30 per cent of the \$5 billion spent by municipal governments.

An important part of the Municipal Action '85 program is to offer incentives for staff training. Response to this category has indeed been gratifying. The training incentive grant available to staff in municipalities with less than 10,000 population has been taken up by 124 municipalities, which have been awarded 177 individual grants.

Under the municipal management bursary component, 14 senior municipal managers have been awarded bursaries ranging from \$410 to \$5,500 to take advanced of management training. In addition, six proposals under the education development fund have been approved, with payments amounting to \$98,350 being awarded to individuals, municipalities, consultants and others to develop training courses and materials that will directly benefit municipal elected representatives and appointed officials.

On-location training, an expansion of a shared-cost program with municipalities, consists of hiring a trained administrator with an inexperienced municipal official and has been implemented in six municipalities. Two training programs, involvement in municipal administration and the Ontario municipal training program are being enriched this year under Municipal Action '85 by an estimated \$250,000.

Another important component of the Municipal Action '85 program is the basic accounting

package, known as Bacpac. Designed primarily for small municipalities, Bacpac is a manual of basic bookkeeping, accounting and management procedures—that is where it gets its name—and includes a model chart of accounts. It is being tested and implemented in 12 pilot projects, and the councils and staff of these 12 municipalities are to be commended for their efforts.

Approximately 80 additional municipalities so far have expressed a strong interest in implementing Bacpac for 1983. Each is eligible for a grant of up to \$5,000 towards the implementation costs. The interest on the part of these municipalities to improve their internal financial management is indeed encouraging and no doubt will have a significant impact on their future financial wellbeing.

Another element of the program is to financially assist the development and implementation of municipal management systems; that is, financial management, administrative management and program delivery systems. The response to this element, which offers incentives of up to 50 per cent of the additional costs to a maximum of \$50,000, has been astounding. So far, 126 proposals have been received. The select panel, under the chairmanship of Mr. J. J. Macdonell, former Auditor General of Canada, has already reviewed 69 and has recommended so far the approval of 27 projects at a cost to the province of \$568,222. Fifty-seven proposals are currently under review. Approved projects will be monitored so the successful experiences can be and will be passed on to other municipalities.

Projects must be cost-effective, innovative and applicable to other municipalities. Each project must provide a direct improvement in the municipality's programs and methods of procedure. We have been impressed by the very wide range of projects proposed, covering operational projects in all kinds of municipal departments in Ontario.

We are also moving with the development of a study of the feasibility of microcomputers for municipal governments. Several exciting joint services projects have been initiated to gain efficiencies in local government by combining operations. The consolidated municipal reference directory now is being prepared. The first volumes should be available for distribution to the municipalities by next spring.

I am convinced Municipal Action '85 is a most timely program and will result in greatly improved municipal government from the joint

efforts of municipalities and this province.

Mr. Chairman, I have now come to the end of the outline of some of the highlights of the the ministry. They are many and varied, as you can see. In brief, it is my feeling that the merger of municipal affairs, planning and housing has been an effective one which promises to be even

more effective as we adapt to the changing times of our province and our country.

I hope the time spent this evening will give the members some idea of the responsibilities of this ministry and the needs for its funding.

The committee adjourned at 10:40 p.m.

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Ostry, B., Deputy Minister

From the Ministry of Municipal Affairs and Housing:

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Ontario

LEGISLATIVE ASSEMBLY

No. R-35

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament
Wednesday, December 1, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 1, 1982

The committee met at 10:15 a.m. in room 228.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(continued)

The Vice-Chairman: I see a quorum.

Mr. Epp: Mr. Chairman, I want to make some brief remarks. Then I would like to go through some concerns I have and, on the basis of certain sections I want to touch on, maybe the minister could respond as to each of those sections.

The Vice-Chairman: On which vote?

Mr. Epp: I am not going to break it down into votes. It will be a little later on. I would rather do that than go through everything first. The minister may not be able to keep up with it. When he may respond, and I do not say this disrespectfully, in a helter-skelter way. It may limp around a little. I would rather keep it in a more orderly fashion, if I could do that, Mr. chairman.

The Vice-Chairman: I wonder if I might interrupt here for one moment, Mr. Epp. Before we proceed any further, do we want to reach some consensus on time allocation for the various votes? I am thinking of not holding staff here unless it is necessary to hold them here, and having the right staff here at the right time.

Mr. Breagh: Mr. Chairman, as far as I am concerned I would appreciate having it as the standing orders call for it, with latitude on the first vote. After that, I would be prepared to go through a little allocation of time about particular votes and any suggestions as to how we might do that.

The Vice-Chairman: Do you want to deal with that after we have the opening remarks?

Mr. Breagh: I think if we could get through today and complete the magnificent remarks of both opposition critics, which will be just astounding, then maybe tomorrow we could spend a couple of minutes and order the business for the remainder. I am a little concerned because I have people who want to come in for particular votes, and if we do not allocate the time in some manner they are not going to get a chance.

Mr. Epp: I think that makes good sense. Also, as you know, Mr. Breagh, last week at the estimates of the Ministry of Revenue we left about 20 or 25 minutes for assessment. Certainly, by the interest that was expressed in assessment and so forth, there was little time left for the various parties to address that subject. If that were to occur here, I do not think it would be fair. To have some kind of division of time with respect to the various areas would be helpful.

The Vice-Chairman: We will come back to that following the remarks of the critics.

Mr. Epp: Mr. Chairman, local government, which is at the root of Canadian democracy, is the oldest and most open form of government we have. It is the most accessible and it is the least bureaucratic. Therefore, I think it is probably the most important government as far as the citizens in the municipalities are concerned.

Unfortunately, they often hear more about what is going on federally, less about what is going on provincially and probably a little more about what is going on municipally. They probably hear second most about what is going on municipally in Ontario anyway, as opposed to provincially and federally being the most publicized. That is my perception from watching the news.

The municipal tax base in Ontario is one that needs a lot of revamping and a lot of revisions. Municipalities have been having increasing difficulty with the services they are expected to offer to the public. The property tax revenues are not sufficient, so they have to rely fairly heavily on provincial transfers.

They actually receive no revenue from the growth taxes in the province. This forces municipalities to become increasingly dependent on provincial transfers, which to some extent destroys accountability. Municipalities have little power but often get blamed for a lot of things.

For instance, when property assessment does not work out we do not see a lot of people lining up at Queen's Park. We see them lining up before municipal councils.

10:20 a.m.

A few years ago, in some municipalities such

as Cambridge, there was a lot of hue and cry. I think the people who took most of the flak with respect to assessments in that municipality, which was an amalgamation of a number of small municipalities, were the local politicians. They took the blame.

I think 99 per cent of the blame should have been attributed to the province, because it brought in regional government. It took control of assessment back in 1969, I think it was. When it amalgamated those various municipalities, there were different assessment rates for various municipalities. We saw that some home owners on one side of the street were paying \$800 for a home of \$60,000 in value and somebody across the street was paying \$1,400 for a home of equal value.

The province partly imposed section 86, now known as section 63, on those municipalities. It was requested by the municipalities but they were not given the kind of information they requested. The government was not honest with them in the kind of breakdown of computer information that should have been given them.

The municipalities were getting the major part of the flak at that time with respect to assessment, as they are currently, yet the province actually controls the assessment.

The same thing has to do with Toronto. There were a lot of assessment problems as Tax Reform Action for the People, TRAP, has pointed out, yet most attention is drawn not to the province but to the local municipality because that is where they have most accessibility and that is where they often get the most attentive ear.

With respect to provincial transfer payments, the transfer payments for 1982 were cut back, forcing municipalities either to reduce services or increase property taxes at a rate higher than inflation. Increases from various ministries ranged from three per cent for Environment to about 11 per cent for Municipal Affairs and Housing. The average increase to municipalities was about 10.5 per cent, whereas the inflation rate was often between 12 and 13 per cent.

The per capita police grants were unchanged, which in a sense significantly shifted the burden of financing from the province to the local taxpayers. There was an increase in salaries for many police forces of around 12 per cent. Some of them were higher because they went the arbitration route. This added about \$30 million to the cost of policing in Metropolitan Toronto alone. This had to be paid entirely by the municipality.

Although policing comes directly under the Solicitor General (Mr. G. W. Taylor), the minister here should obviously be concerned about it as the minister responsible for municipalities. They are the ones who suffer the most when these arbitration awards are handed down. The minister may want to comment a little later as to whether he is happy with the way the arbitration process is now operating or whether he would like to see some changes.

As the minister is aware, the municipalities have asked for changes with respect to arbitration. They would like to see some form of panel of arbitrators who would have a better understanding of arbitration rather than picking a single arbitrator off this campus or out of the law firm, without that person having a really good understanding either of arbitration awarded in other parts of the province or of the way the system is actually working.

He knows and I know, from some of the settlements in the province, that not a great deal of attention has been paid to settlements in other parts of the province when a single arbitrator has handed down these awards. Although the arbitration system is working in some instances, I think it certainly should be looked at and improved in order to give the municipalities what I consider to be a fair shake when they go to arbitration.

Despite the fact that the Treasurer (Mr. F. S. Miller) has claimed from time to time, and with some degree of pride, that there is a continuing effort to consult with relevant groups before implementing new measures in the province, we know that municipalities have learned from actual experience that the provincial government often announces programs and makes statements without consulting with them.

I suppose the best example is when, this past week, the Treasurer indicated municipalities would be expected to contribute up to one quarter of cost-sharing programs for job creation. They, of course, had not heard anything about this.

I understand the minister met with the municipalities this morning from 9:30 to 10 o'clock. He may want to give us an indication of the progress made in that consultation.

The problem, however, is that the consultation comes after news that the program is to be announced. After the government has more or less made up its mind what it is going to do about the thing it consults with the municipalities. It allocates very little time for the consultative process.

Even when funding levels with respect to transfer payments were announced, no comprehensive breakdown of allocations, by program, was available. The ministry often makes these announcements with respect to transfer payments as it did last Christmas; when the House had recessed, it made an announcement about transfer payments. No consultative process was undertaken with municipalities in that instance either, as the minister knows.

These are examples of where the ministry did not consult municipalities in two major areas, the new job creation program and the transfer payments last year. These are cases where changes were made without consulting municipalities. When the federal government does something in which it expects the provinces to participate and does not consult the province, the province naturally and quite rightly complains about it. Yet it turns around and does the same thing.

It has one Association of Municipalities of Ontario to consult with, it does not have to consult with 50 or 60 bodies; but it does not see fit to consult with the municipalities and I think that is a travesty. No wonder municipalities get upset from time to time about the way they are treated.

We also know that the 1982 budget, brought down last spring, had a considerable effect on municipalities and school boards. At that time the seven per cent tax was applied on construction materials, labour and transit vehicles, and there were increases in the Ontario health insurance plan. Once again, there was no consultation with municipalities.

Big Brother, in this case as well as in other cases, locks municipalities into some kind of mandatory program. The government does it with welfare, with arbitration procedures and with the police and fire departments, and then tries to provide sufficient funding. They say, "Look, buddy, if you want to be autonomous, look after yourself." I do not think that is fair and municipalities know it is not fair. The minister, if he has an ounce of fair-mindedness, should recognize that it is not fair. It is certainly not very evident that the minister champions the cause of the municipalities as he should.

Hon. Mr. Bennett: Ask AMO that question.

Mr. Epp: Okay. Although you have a responsibility to take the concerns of the province to the municipalities, I think you also have a responsibility to take their concerns and voice them as vigorously as you can to cabinet. Of course, your colleague the Treasurer has left no

doubt that he is not much concerned about some kind of consultative effort with municipalities.

10:30 a.m.

On our side of the House, we feel very strongly that municipalities should have additional autonomy. As the government that is closest to the people, it is imperative that local councils should have the power to make their own decisions and to have the revenues that are required to implement those decisions, provided they are responsible decisions; and I think in most cases those decisions are very responsible.

We also feel that provincial transfers from the province to the municipalities should be calculated using a formula based mainly on population size, land area, the added factors of unemployment and the industrial and commercial tax bases.

In other words, if a municipality has a fairly good tax base, an average-sized land area and population, and if the employment factor is not too extreme—although in today's conditions it would be difficult to develop an exact formula to determine that exactly—but under normal circumstances I think the province could develop some kind of formula whereby the municipalities would know how much they could expect from the province.

To speak for a moment about regional governments, it seems to me that when we discuss legislation in the House, in many instances the regional municipalities are grouped together; you are trying to make them all uniform. There have been instances in which one municipality has had different regulations applied to it, but it seems to me that what we are trying to do is group all of them together to make them all fairly uniform in the way that they operate and in their responsibilities vis-à-vis the local municipalities.

There are only two major differences that I can remember now with respect to regional governments: in Ottawa-Carleton the policing is under the local municipality rather than under the region, and in Niagara the members for the regional council are elected at large within municipalities rather than being local councillors who represent the municipality at the regional level. Those are the two major differences. However, studies have been going on over the last number of years to try to change the voting procedure in Niagara and to make the police a regional force in Ottawa-Carleton, but to date this has not come to fruition.

Perhaps you want to respond to that, Mr.

Minister, before I go on to some other specific things.

Hon. Mr. Bennett: Is that the procedure members wish to follow, Mr. Chairman?

Mr. Breaugh: I would prefer not to, but if Mr. Epp does I have no objection.

Mr. Epp: To be fair, I will try to finish by 11:30. That will give me about an hour and give you about an hour.

Mr. Breaugh: We are going to one o'clock, are we?

The Vice Chairman: We go to 12:30.

Hon. Mr. Bennett: Mr. Chairman, first of all, I want to suggest very strongly that we have on most occasions consulted with the Association of Municipalities of Ontario. I do not think anyone can be so foolish as to believe that in discussing what the grant allocation is going to be, there is going to be any degree of unanimity in AMO. Indeed, AMO is not much different from most organizations that come to the provincial government. They will make their presentations and make their views and thoughts known to us long before we come to a determination on a grant that we will make, or a transfer of payments. We take AMO into consideration.

My job is to consult with the Treasurer, with the Premier (Mr. Davis) and with the other members of cabinet on what we can do to assist municipalities. When I made the announcement last January, along with the Minister of Transportation and Communications (Mr. Snow) and the Minister of Community and Social Services (Mr. Drea), there was a fairly general feeling that even though we did not meet the inflationary factor—let me emphasize, I have said to the municipalities from the day I was appointed as minister reporting for municipal governments that it would not be my responsibility, nor was it my intention, both as a politician and as a taxpayer in this province—and as a taxpayer in more than one municipality, about five of them in the province—to suggest to this government that we continue to try to increase transfer payments to equal the inflationary factor of the day.

I thought it was impossible for governments, regardless of what level we are talking about, to try to reduce the inflationary factor in this country if we are always going to meet the inflationary factor in the transfer of payments.

Municipalities accepted that, although not graciously, obviously. Each mayor in a municipal election year would like to have more and more money coming from the province. In

fairness, this province has continued to escalate rather substantially the amount of dollars transferred from the province to the municipalities in an effort to reduce the cost of operating their government.

We have moved in other areas of responsibility to reduce their costs. You will recall, I trust, Mr. Epp, that it was only a little over a year ago that we withdrew the obligation from the municipalities of paying the 7.5 per cent they used to pay on behalf of the shortfall for public housing. This saved some municipalities millions—my own over a million, Toronto many millions—and most communities substantial other sums. That was money that in a sense was gratuitously given to them, inasmuch as it was not a payment necessary for the province to meet the obligation of running public housing in their communities.

First and foremost, I agree with you that municipal councils are closer to the people. Their citizens are always considered to be the citizens, for example, first, of Waterloo, second, of the province and third, of Canada. That is usually the way municipal politicians put it to me. In terms of the housing field and public housing, they usually look at them as being their citizens, and it is their requirement to provide social housing. We removed the obligation of any capital or current financial commitment to the municipalities in the operation of public housing, regardless of whether it falls under the Ontario Housing Corp. or a co-operative operation or a public or private nonprofit operation.

Those are the areas in which we moved. No doubt about it, if we had millions or billions more dollars in this province to transfer to municipalities, they would gracefully and gratefully receive it. There is no doubt of that in my mind. But I draw the attention of the member to one of the important elements in the field of taxation. I want to underline this very carefully. Municipalities in their tax bills take a smaller and smaller percentage of the total household income and have been reducing that position over the last number of years.

In other words, whether they be in this field of provincial government or through Community and Social Services and so on, transfer payments have started and have continued to relieve some of the financial pressures on the municipalities. But I have to assure you it is not possible to move in all the directions in which people think we should move and take the responsibility provincially, whether it be for social service costs or educational costs. There

comes a time when I think you cannot load too much more on the province without losing some of the autonomy of the municipal council in running its own affairs.

You talked about regional government and mentioned that there seems to be a standard position. Interestingly, you are right, but not because we happen to think that is what it could be. We brought the bills in over the last number of years. The regional governments have worked relatively well. There has been some complaining and there always will be. We have counties that have been in the system for 50 or 117 years that complain about being in a county system and would like to get out of the county, whichever one they happen to be in.

I do not think that will ever change. People will always think there is a better opportunity across the field. The grass over there looks greener than that in the pasture they happen to be in. The fact remains that we have gone with our legislation. The requests to become more unified were made by the regional governments themselves. The amendments we are making to regional bills, whether Waterloo, the Hamilton network, Metropolitan Toronto, the Ottawa-Carleton bill or the Durham bill, whichever one might be, come, generally speaking, from the regional councils themselves. They see Ottawa-Carleton is doing something, review it and feel it could be worthwhile to have it implemented in their form of regional government. Take the waste control situation, and the amendments we have made to some of the bills in the last year on sewage sludge and the opportunity of selling it, I mentioned in my opening remarks last night. They very clearly indicate that they have analysed what Ottawa-Carleton, Metropolitan Toronto or Waterloo, for example—because it is one of the first to move in that direction—has done, and feel it would be worthwhile copying.

40 a.m.

I am not offended by that. Municipal and regional councils should have that opportunity. I think it is only right, if we in the provincial field feel it is not detrimental to the provincial position. I can see no reason for not offering up to the Legislature the opportunity to amend the legislation to make it more relevant to a regional council's requirements.

Coming back to financing for a moment, I do think it is altogether a fair statement to suggest in any way that the Treasurer of this province lacks interest in what happens to our municipalities from a financial point of view. I do not think that is a fair or a correct statement.

Indeed, up until this current year, Frank Miller's son served on the local council in the Muskoka area. Mr. Miller, I take it, meets with his municipal councils as often as possible, and maybe more often than some people. He has a clear understanding of the requirements of the municipality and its obligations. One would think, from the way you talk at times, there was some great satisfaction to be had, or that someone would analyse that there was a spite movement by the Minister of Municipal Affairs and Housing and the Treasurer to try to undercut the municipalities financially.

There was no spite movement. Nobody is trying to undercut municipalities. I am as well aware of the effectiveness and the efficiency and the importance of municipal council and its relevance to its taxpayers as anyone in this room—I spent 12 years on council—and the Treasurer is just as well aware of it as any of us. We have tried to respond to what we think are the capacities of this province financially to assist municipalities in keeping the taxes down. I do not accept, Mr. Epp, in any way that the Treasurer disregards or lacks understanding of the importance of the municipal council and its requirement for funding. He has an understanding that he reports as the Treasurer of this province to you and me as members of the Legislature and, more important, to 8.5 million taxpayers in Ontario, and he tries to keep our deficit factor somewhat in line so that opposition parties think we can continue to survive as a province.

The easiest thing in the world is to give money away. I have never met anyone yet who resisted accepting money, not one. The toughest job is to try to live within your means and to carve out the program that best fits the economy and the financial pattern or cloth of the day in this province. In fairness to the Treasurer, he listens. He and the Chairman of Management Board (Mr. McCague) and I have met on many occasions to review the requirements of municipalities. The Treasurer understands very well that in this day and age, because of the unemployment factor that prevails in some of the industrial and resource communities in this province, there has to be some special consideration given as to how we will finance them, transfer money to them, over the next period of time. I do not think the Treasurer intends or would even suggest we should put policies in place that go on forever and a day. The policies and programs will be tailored to fit the require-

ments on a annual basis, a day-to-day basis or a year-to-year basis.

Another area of the financing of municipalities is policing. The police grant was brought in, as you will recall—there is no such thing by legislative authority as a police grant. This fact was brought up at one time to try to reduce the hardships that were encountered or perceived to be encountered by regional governments at the time of amalgamation of police forces, inasmuch as an urban force was being amalgamated with a rural force and the cost of policing to the standard that had been set by the senior municipality or by the bigger municipality within the region appeared to be causing some extra financial burdens on that government. As the days went along, the urban municipalities said, "If it is good enough to give to a regional form of government, surely to goodness the cost of policing in the city of Ottawa deserves some type of recognition as well." That is why we get into the police grant. I make no bones about it, that is one of the areas we are looking at very carefully: how we are going to reallocate some of our funding in the grant position over the next period of time.

Mr. Epp: Is that because of the discrepancy in the grants you give regions as opposed to those given to regional governments?

Hon. Mr. Bennett: The discrepancy in grants certainly causes us to sit down and review it, there is no doubt about it. You know very well that each year in the time we have been in this Legislature, this is one issue that constantly comes back and is discussed ad infinitum. It goes on and on and on, and there has never been a new word added, save and except the vocabulary of the individuals might be slightly changed—

Mr. Epp: Oh, I don't know about that.

Hon. Mr. Bennett: The meaning and the emphasis of the remarks have not altered one iota in the period of time. If you can show me where they have altered, I would be more than interested in reading them, but both my staff and I have gone over a number of them, and we have not found anything other than people say "equalize." That is the simplest thing in the world to come back to; no one ever refuses more money. But every time you go to equalize it, the municipality or the region that had encountered the extra cost of running policing—extra cost by their understanding of running policing—still comes back and says, "You have equalized it; now you have made us the disadvantaged." So we are forever in a cat-chasing-

its-tail situation. It does not matter when you find the end; you can be sure that it is not the right end you have found. We have gone through that.

You mentioned the way grant formulas are established. I have no apologies to make. It is difficult to understand. The way we get into transfer payments and the formulas for transfer payments is extremely complicated, particularly when you have to throw in resource equalization and other factors that have prevailed, geography and acreages and so on. I am sure it does create for clerks and others a nightmare in trying to analyse whether they really have or have not received what they think they are entitled to.

One of the areas that you mentioned—and I think it is worthy of comment—is that the formula does not seem to take into account some of these things. May I say the conditional grant formula which I talked about yesterday evening in my remarks, which relates to resource equalization per unit, per capita grants, and the six per cent on the gross levy to the municipality in the previous year, which relates to the 18 per cent for the northern communities against the previous year, were all brought into being to equalize and to give some extra help to some of the communities that experienced different types of economy than Metropolitan Toronto, Ottawa, Waterloo and so on. They were brought in to achieve a certain degree of not so much uniformity as fair play. If you ask me, "Do they do it 100 per cent?" I guess there is no formula that I will ever find that will be exactly 100 per cent because always there will be oddities to the system and always there will be communities that will have a different problem today versus the problem you had yesterday.

I look at my own community of Ottawa. We do not experience quite the same degree of hardship in these difficult days as would Sudbury or Oshawa, or Windsor, mainly because of the great cushion we have in the employer known as the federal government, and indeed now in the microelectronics industry, which is being well established in the Ottawa-Carleton or the Kanata area, producing very substantial job opportunities for people. So that community has quite a different problem.

I just draw your attention to the housing sales in the Ottawa-Carleton area, which are an oddity on the national scene; not on the provincial, but on the national scene. They are an oddity because house sales are up, prices are up and everything else in that respect is booming.

So that is one community which does not have quite the same difficulties as some of the others that we will encounter across the province.

You asked about negotiations. I said yesterday evening that there were two committees working at present, one of which had the former mayor of Windsor as the chairman. That is the one relating to the review of the Police Act and the negotiations that take place under that act or as a result of that act. Participating there happens to be the Association of Municipalities of Ontario, which Bert Weeks represented. There are people from the office of the Solicitor General. There are other people from the Ministry of Municipal Affairs and Housing, who are there more as observers because we are having input to the report.

10:50 a.m.

I am not about to try to answer whether the system is good, bad or indifferent. Obviously, we think there can be improvements or we would not have gone along with going through a reporting and a fact-finding situation.

I have listened to your mayor. I have listened to mayors all across this province, including my own, who would tell you that the negotiating system seems to have weaknesses, that it could be strengthened, and I would hope at the conclusion of the reporting by the Solicitor General and the AMO that we might very well find an acceptance of making some changes. There is no sense in the government deciding it is going to make a change if we have the police association, for example—I forgot to mention the police association is also on the committee for the report—there is no sense in deciding we are going to make changes if we find right from day one we have a player who does not want to be in the game. That means when you do get to the negotiations, if you cannot find the right way of getting to the arbitration, there will not be very much in the way of a satisfying end result.

The same thing applies to the fire department. And I compliment the fire associations. I guess in all the years I have been around politics there is no group that seems to know the whole negotiations act and all the acts relating to their employment and their services better than the firemen. I have to admit that. I recognized that when I was on municipal council, and it has not diminished.

Mr. Epp: Maybe there are obvious reasons or that.

Hon. Mr. Bennett: I will let you draw the conclusion.

Those are two reports that I hope we will have down and tabled. I say in a very positive fashion from all parties, being the taxpayer, being the elected person and being the employee, that be he or she a fireman or a police officer, we will find a system that really does serve the end result and that is keeping employees satisfied with the remuneration and the working conditions of their employment, and second, that satisfies the taxpayers that they are getting full value and that their individual employee is being honoured or remunerated at a realistic level.

I know the anxiety it causes councils when an arbitrator comes in with a decision that just rocks the whole community; it causes a real rift. I do not think that does the police department, the fire department or municipal employees very much good in the eyes of the citizens of the community.

Have I covered most of your points?

Mr. Epp: Most of them. I was not going over my notes when you were talking.

Hon. Mr. Bennett: Anyway, that is it as I see it. I only want to conclude by saying that—

Mr. Riddell: Whether we agree or not does not matter.

Hon. Mr. Bennett: Jack, it is easy not to agree. There is seldom anyone who agrees that everything or anything government does—at least from an opposition point of view—is right. As I said the other day, the only time I have found unanimity in politicians—regardless of their political stripe: municipal, provincial, federal—is when they are extending condolences on the death of someone.

Mr. Breagh: Or when they are giving away money.

Hon. Mr. Bennett: Even giving away money, they usually say it is not enough.

Mr. Breagh: Are you making an announcement of self-immolation or what?

Hon. Mr. Bennett: No, I was not thinking of my situation. I was thinking more of your party.

I am not here to get into an argumentative position this morning. I have to go back to cabinet later on and argue with a few people there. I am glad I'm here. It seems easier to deal with.

Mr. Epp: Maybe you can comment on two things. One is the meeting that you and the Treasurer had this morning with the municipalities with respect to the job creation project. The other point I would like you to comment on is

with respect to the majority of members on police commissions being appointed by the province as opposed to local municipal councils, whereas the major part of that cost—I realize this also comes under Solicitor General, but you as—

Hon. Mr. Bennett: Even the Attorney General will argue that with you.

Mr. Epp: But the majority of members are appointed by the province, and we have had some examples where I do not think those appointments have really served the municipality and the province very well. All we have to do is look at Waterloo region for that example, where we have two police chiefs and we are still trying to wrestle with that problem.

Hon. Mr. Bennett: That's a financial problem, isn't it?

Mr. Epp: How would you like to have two Premiers? I thought one was bad enough.

Hon. Mr. Bennett: We have 10 in this country and Trudeau thinks that is more than enough.

Mr. Epp: We have more than two police chiefs in the country, but I am talking about one municipality.

Hon. Mr. Bennett: Let me go to the last question first. That is a discussion that has been going on for a long period of time. I recall when I was first elected to city council back in 1960 that issue was raising its head, mainly because the mayor of the day, one known as Charlotte Whitton—

Mr. Epp: I think I have heard of her.

Hon. Mr. Bennett: She was around for a little while. She thought the best way to take control of the police operation was to get an extra member or two on that board. Charlotte really did not need to get an extra one or two on the board. She took control of the police commission anyway. She got the judge and everybody on her side because they did not want to argue publicly with her, which was understandable.

I would suggest that is a question that is being reviewed with this other committee at the Association of Municipalities of Ontario. It is one they have raised. I am sympathetic to their position. I make that clear. I have said so to the Attorney General.

I am not suggesting the municipality should take control of the police commission. I say, in fairness to you, I have not heard any public outcry that they thought the municipality should control the police commission. I find, in talking to people, citizens of my own community, they

have found the police commission operation to be a very effective tool in running the safety of the community.

It would be more appropriate to have a five-member board with at least two municipal people there so there can always be, in the absence of a mayor—for example, I recall when I was the acting mayor of the city of Ottawa, if I had been sworn in I could have gone to the police commission but, as the acting mayor, it was the one commission at which I was not entitled to be present. For a period of six months the board operated in a sense with only two thirds of its members able to attend. That is an area we will be exploring.

On the AMO situation, I want to go back to our discussions this morning. I will be meeting with the AMO, its full executive and some of its other special chairmen on December 9 on various issues. I cannot even tell you what all the issues are. I just know I am going to be meeting with them.

The AMO met this morning. They expressed the view that two or three things upset them in the last year. I am sure a great number of those who were defeated on November 8 have things that upset them more than the actions taken by the provincial government.

They did say they did not appreciate the Treasurer's budget which imposed a sales tax. I think only a damned fool would not understand what they are saying. The Treasurer understands what they are saying but he also understands that what he was trying to do, whether they like it or not or whether you like it or do not, was to bring a degree of uniformity to the system of federal, provincial and municipal taxation, inasmuch as the provincial government obligated itself, on an imposed regulation by the federal government, to pay taxes on purchases for which we normally would have had a federal exclusion.

I understand municipalities. They tell me there was a certain increase in the cost of running their municipalities. One cannot deny that. I am trying to recognize, through various other ways, things we can do in the current year that might offset some of those problems. I am not guaranteeing it.

They then talked about the employment incentive program we have brought into place. You will recall back in the summer we allocated \$34.5 million through the Ministry of Municipal Affairs and Housing, and \$500,000 dollars to unorganized territories. That is to be handled by

the Minister of Northern Affairs (Mr. Bernier) through his ministry.

They really felt it was wrong we should have obligated them to participate. Well, I have always been told that something that comes for nothing is worth maybe just that much. I am also led to believe that at times, if you are paying the whole bill, I can be a little extravagant. I only have to go to a picnic with a number of kids where the ice cream, the hot dogs and the soft drinks are free. Sometimes their eyes are bigger than their bellies. They can eat beyond and waste more than is right.

I suppose we can also analyse that even we, as adults and supposedly learned people, do not always practise the greatest economy. It does not really appear to be coming from my pocket or it is not essential for me, as a member of council, to go out and raise the tax rate to carry out the particular work. I am not saying it is applicable across the board, but we brought it in as cost-sharing. As I mentioned yesterday, 708 municipalities in the province made use of it.

11 a.m.

One of the interesting things about that program where we paid for the labour and they paid for the material is that the municipalities' contribution—ours was \$34.5 million—was around \$24 million, about 66 per cent. It did not have to be that high, but that was their choice. They saw opportunities to do certain types of work within their municipalities where the material cost was all they had to pick up. While I heard them yelling, the fact is what they were preaching was not what they were practising.

Coming to the program which has been announced between Mr. Axworthy and the Treasurer of this province on the \$280 million, there is \$30 million which is entirely a federal discretionary expenditure. We will not be consulted. We will not be involved in the allocation.

The \$200 million is \$100 million each by the federal and provincial governments. Let me say, in fairness to the federal government, it did not ask the Treasurer or the province to equal the amount of money it was putting up.

Mr. Epp: It was not a condition.

Hon. Mr. Bennett: It was not a condition. Mr. Axworthy indicated he hoped there would be a fair understanding that this is a national program, so the guidelines had to be drawn up to encompass the 10 provinces and two territories, but he realized some of the provinces would not be able to match whatever the federal government was going to put in place for them.

Ontario did two things through the Treasurer, who recognized the importance of the program. He told Mr. Axworthy we would match him dollar for dollar but one area where he disagreed with him or asked him to go back and review—I should not use the word disagree; that is a little strong because they had not been thinking in this area until the Treasurer raised it.

The Treasurer said: "Look, the government that can produce the work the quickest is municipal government, the municipal bodies all across this province. We think this program should encompass projects by municipal governments, not just what is federal and provincial." Mr. Axworthy went back and reviewed it with his staff, returned and said they would accept programs by the municipal governments.

I am not sure what the guidelines will be in the agreement the Treasurer is now looking at, but my understanding is the participation by a private or public body, and I am not sure what private means until somebody gives me the definition, will be rather global or within these percentages. That is something Mr. Miller will have to analyse with Mr. Axworthy over the next two or three days and make the announcement regarding that.

The fact remains that it is through Mr. Miller that we are now going to allow municipal programs to flow. There will be two or three committees established by the federal and provincial governments. This is by direction of the federal government. There will be advisory boards and selection boards. I cannot tell you how the panels will work, but they will be doing the assessment of the various projects that are being advanced for costing under the \$200 million allocation.

In the next day or two or three, I am sure the Treasurer will further elaborate on how these boards, commissions or authorities will be appointed, what their function will be and what political arm has the final decision as to who does or who does not get allocation of funds from the \$200-million pot.

The last \$50 million that has been allocated is solely a provincial program.

Before I leave the \$200 million, we basically have accepted the philosophy of the federal government that the moneys spent on labour should first be for those who are on welfare or those whose benefits have run out under the Unemployment Insurance Commission. Those are the two categories.

I should have said, when Mr. Miller said it could be up to 25 per cent, the fact is we are all

realistic. On any given project by the municipality, the regional government, the hospital board or whoever else undertakes it, there are going to be supervisory costs and equipment costs right off the bat.

Let us say we are into road construction. The graders, the bulldozers and any other equipment that is on site and is owned by the municipality can all be costed out as a portion of their contribution towards the job.

In other words, we are not saying it has to be five, 10, 15, 20 or 25 per cent in a cash payment. The fact is that the value of services rendered by other people who are in the employ of the municipality and are required to supervise the work, whether it be the accounting department, the legal department or the works department, will be taken into consideration as their contribution towards making the program work. But there again the Treasurer will have to describe that in more detail.

The basic allocation of the \$50 million will go to the same groups of workers, those who have depleted their Unemployment Insurance Commission benefits and who are on the welfare rolls. Most of that money now has been assigned to the various ministries and the programs they can undertake will go into effect immediately.

I should say that the one on the federal program will not likely commence until some time in the early days of the new year and will run for 18 months, which means it will be completed by the end of June 1984.

Those are basically the areas. What the final discussions were with the Treasurer this morning I am not quite sure, but I was there for the first half hour and they were still meeting. There seemed to be some acceptance by the Association of Municipalities of Ontario, I must say, a better appreciation for what it meant; that if there is to be a 25 per cent, or whatever guidelines are drawn by Mr. Axworthy, it understandably can be the calculation of services rendered, equipment rendered and so on. Does that pretty well cover it?

Mr. Epp: Just to elaborate on this program a little, you really do not know, then, how much money or what percentage municipalities are going to be expected to give.

Hon. Mr. Bennett: To give?

Mr. Epp: Or throw in. Or how much money the province is going to give towards these projects. Is it going to be part of the \$50 million?

Hon. Mr. Bennett: No, \$200 million.

Mr. Epp: This is only going to be part of the \$200 million.

Hon. Mr. Bennett: I have to be careful because projects that will be developed by municipalities will have to go before this federal provincial review committee. I understand the federal government will appoint three people we will appoint three people and there will be a neutral chairman. Who appoints the neutral chairman I am not quite sure, but I suggest that maybe AMO should appoint the neutral chairman. I figure that would be as neutral as I could get.

Mr. Epp: I thought you would volunteer.

Hon. Mr. Bennett: No. I think that would be perceived by the federal people as a fourth provincial representative.

Mr. Epp: I just thought you would be as neutral as anybody, coming from Ottawa and being a provincial politician.

Hon. Mr. Bennett: Always.

Anyway, I cannot tell you much more about it than that, because it will now wait for the municipalities. But they appeared to be somewhat satisfied that goods and services could be calculated as part of whatever cost-sharing might be spelled out in the guidelines by the federal government. And I am not blaming it on the federal government, because obviously they are trying to be as liberal and as lenient as possible.

Mr. Epp: Small-I.

Hon. Mr. Bennett: It depends on whether it starts the sentence or is in mid-sentence.

Mr. Epp: How many jobs do you think will be created? Is there a projection?

Hon. Mr. Bennett: I think you would have to ask that question of the Treasurer. Their allocation pays basically towards the labour content; but again, I have not gone through the whole documentation, because I only came in from Ottawa at 8:30 this morning.

Mr. Epp: Are you going to try to concentrate on certain areas, such as Windsor and Sudbury?

Hon. Mr. Bennett: I think the Treasurer was making it relatively clear, as a result of some advice given to him from the Ministry of Municipal Affairs and Housing, that there would have to be some special—

Mr. Epp: The reason I ask is that it is very important, because those municipalities that may require the most jobs may be the ones that are least able to afford it because their tax base

s suffering, because people are moving out of houses and whatever.

Hon. Mr. Bennett: Absolutely right. The advice given by the Ministry of Municipal Affairs and Housing to the Treasurer and to others was that the program will have to be designed to take into account the unemployment factor that exists in any community, the general welfare assistance payments that are being made in that community and the inability of the municipality to collect its taxes—I am talking about property and business taxes at the moment, and there are some who are having a fair amount of difficulty at the moment. Those things will have to be taken into consideration at the time we start to look at the allocation of funding.

Again I want to remind members that it will still have to be within the guidelines as established, I guess I would have to say, on a mutual basis between the province and the federal government. But the Treasurer did recognize this morning in his remarks to AMO that this ministry had been promoting a formula that would recognize the down sides I have spoken of just in the past minute or two in analysing the applications.

1:10 a.m.

Mr. Epp: Okay. I am going to stop there, and then I will have a series of questions when we get to the various votes. Rather than get into this only partially, I think I will leave it.

Hon. Mr. Bennett: Just let me add one word, if I can, in recognition of Sudbury. Sudbury, which I guess is as hard pressed as any community in the Ontario economy today if not in the Canadian economy, has become rather aggressive in trying to go out and promote its needs. I was noticing the other day—I am likely to let the full significance in the next remark—in one of the business publications that appears across the nation and, I guess, goes across the border, that they are running an ad to try to promote their community for new opportunities in the field of industrial development. It said, "Write us for information and we shall send you, under a brown wrapper, all the information you need"—a plain brown wrapper.

Mr. Epp: We get lots of those in the opposition.

Hon. Mr. Bennett: That is what I said. I thought Sudbury had taken your opportunities for being able to find things out and turned them around in a positive sense and were now using them to promote their community. And they have done very well: full marks to them.

Mr. Epp: My colleague the member for St. Catharines (Mr. Bradley) had an extra brown envelope the other day.

Hon. Mr. Bennett: It is always good to have lots of friends around. You can take that as a double meaning.

Mr. Breaugh: Mr. Chairman, I like to try to find, if I can, some good things to say about the ministries for which I am critic. I think I can find some things that are positive in nature, and I would like to run over them, because I believe the useful part of the estimates, if there is a useful part, is to try to get a little bit of a balance in the approach by the opposition critics to what the government is doing.

In a number of areas I see some changes or alterations on the part of the government that I think are useful, and I want to try to encourage the minister to expand on those things.

The first thing is these cost-sharing arrangements on employment proposals. I know we could go on at some length about whether there was sufficient consultation or whether there is sufficient money locally for them to participate in these programs as aggressively as they would like. But nobody can deny that it is the local municipal council, school board, hospital or whatever that can tell you most quickly what kinds of things ought to be done in their community where governments could usefully stimulate the economy.

Every school board, every hospital board, every municipal council I know has a list at the ready of things it would like to do if it could only get some funding, even if it is shared funding. It seems to me the argument that they can propose to you in short order really sensible things to do and that they can monitor them and make the argument that they are a worthwhile expenditure of public funds is just plain undeniable. So I reserve the right to come back at you later on and carp and complain about whether they have the ability to participate financially.

But I do note that the minister has said on a number of occasions that there are places in Ontario where things are really bad. My community is one of them; so is Windsor, so is Sudbury and so are a number of other communities. And as long as I see some movement on the part of the ministry to address itself to those problems, I want to put myself firmly on record as believing that it is just plain common sense to go first to those groups in our province who have on the back burner sensible projects that need to be dealt with, which in many cases have been researched and costed out but which they

have not been able to do because there just has not been any money in the kitty.

I just want to say that I think this is a good, sensible move, and although we will probably argue about the details later on, I think it is plainly undeniable that this is the place to start.

Second, I want to make some comments about the relationship, which is always an interesting and changing one, between the municipalities themselves and the ministry. From my observation at any rate, in the past couple of years what was not so long ago a very tattered relationship between the municipalities and their organizations in Ontario does seem to be rebuilding.

Although there are still lots of problems—I recall that from time to time in the late 1970s there was almost warfare on the floor of AMO between the province and its various committees—there now appears to be some consensus on both sides that they have to work out common problems.

The end result is that we do see things such as the new Planning Act, the new Municipal Conflict of Interest Act, the new licensing provision, all of which have gone through the mix.

I have to admit that, as opposition critics, it puts us in a bit of a bind because the AMO, having been such an active participant through its committee system in developing this legislation, is almost totally committed to that by the time we see it here.

None the less, the process itself is useful, because they are people who work every day in these fields. They are people who have to deal with this legislation when it is through. It seems to me very logical that a system of consultation, a system of committees which they have developed, is the way to go.

There are some problems inherent in that, but it seems to me the major thrust of that purpose now is beginning to show some results. I want to say, once again, I think it is just common sense at work there.

A couple of other things that are somewhat changes in the position of the government seem to me also to be worthy of comment. The minister mentioned them last night and we talked briefly about them this morning: things like arbitration, which was once seen to be the Holy Grail of any kind of labour-management problems, particularly at the municipal level where there are all kinds of conflicting legislation about police officers, firefighters and things of that nature.

I am pleased to note the minister is not repeating mistakes that were made previously. He is recognizing that there are problems on both sides of an arbitration table; that it is not the panacea for labour-management problems that people once thought it was, that it causes difficulties on both sides and that when one addresses himself to the problem he had better have both sides of the bargaining table present.

I am pleased to see that the police association and the firefighters are being given an opportunity to get in on the ground floor, so to speak, and offer their perspective on it. I think that is right. If they are not involved initially, and you just proceed as used to be the case with management and upper levels of government deciding on how we ought to rewrite these things, you have no chance of success. Not knowing in full detail what might be the end result of that process, I want to simply say that you have made the first step which is necessary.

I happen to think that part of this ministry's problems have been partially addressed in the reorganization, but there remains a substantive problem in that other ministries are also heavy players in the municipal area. The Treasurer has a role to play when he does his little budgetary number. The parliamentary system for drawing up a budget almost precludes consultation in a formal way—and it certainly does in a public way—with the municipalities when his budget is announced in total secrecy.

The fact that the Treasurer is always crying that the federal government does not consult with the provincial government is going to continue to be a problem, because he cannot get around that unless, as many of us advocate now, he changes the process by agreeing that the whole idea of budget secrecy is a funny notion which belongs in 16th century British politics and not in this century in North America. He needs to alter that process substantially. A number of committees here have looked at changes which might occur and which would allow for the kind of consultation that we think is necessary.

One of the ironies I see in this place is that everybody in here waits for budget night, including the cabinet and the back-benchers. Nobody has a sweet, faint clue what the Treasurer of Ontario is going to announce, although I suspect that on the government side there are probably a few more leaks about what the contents are than there are on the opposition side. I put it to you that is just plain dumb in this day and age, and more and more governments

in Canada that are trying to use the parliamentary system are beginning to recognize that and are beginning to search out ways to alleviate that problem.

Even when ministers such as the Minister of Transportation and Communications (Mr. Snow) make grand announcements about new transportation systems, sooner or later that involves participation by the municipalities. I would like to see more consultation there.

11:20 a.m.

When you look across the board at the Ministry of Health taking a look at the new Health Protection Act and deciding changes ought to be made there, somewhere down the line the municipalities are going to get nailed for a portion of that cost. The process used by that ministry is not nearly so consultative as we might see in some other ministries, and yet you will be involved. The same thing is true of the ministries of the Solicitor General and the Environment, to name two others that have a substantial impact on municipalities.

As you go down to the AMO convention, or you talk to people in their own council chambers, one of the things that is brought up most frequently is that other ministries—not this one, but other ministries which seemingly do not bother to talk to the municipal level; they do not see that as their role—kind of unilaterally lay out new legislation, announce new programs or begin new projects, and the municipality is last in line to be told what the effects of that will be.

I recall when I first went on the council of the region of Durham, we counted 28 major projects that would have an impact on the region of Durham, some of which we had never heard of. They were by two different levels of government, by many different ministries. They consisted of major roads that somebody had plans for that we did not find out about. Some plans got killed in the process because they were a little on the outside of stupidity, and some are still proceeding. In some, like North Pickering, it is difficult to make a judgement call about whether that project is alive, dead or what.

The difficulty is that modern government is so complex, because it has so many players, that it is tough to co-ordinate that.

In a couple of other areas I think the minister deserves a couple of kudos. In my own area, and in several around Ontario, in the matter of downtown renewal or neighbourhood improvement programs, I think the ministry is to be congratulated for the concepts that it put out. Again, we probably would argue about dollar

amounts, but at least there is the recognition that there is a problem there and that this ministry and the municipalities have to work out some local solutions. In most of the ones I am familiar with, the consultation process seems to have moved on down the line so that when one gets to neighbourhood improvement programs people in municipalities are no longer looking at that as an exercise that is carried on by your planning department.

I seem to have developed some sensitivity that you ought to involve the neighbourhood as well. That means you go out on the street, you hold little meetings in the schools and in church basements and you try to gather a consensus from the people who live in that neighbourhood about the kind of things that ought to be done.

It appears to me that, after some period where we often saw major battles take place between somebody's planning staff and people in the neighbourhood who never heard of what was being proposed here, we have begun to broaden our concept of what planning really means and how we can find some techniques where many different levels of government, many different players can participate.

There are a couple of other things I want to mention; they are not very sensational in the public eye, but I do think they recognize a major part of what the minister had to say in his opening remarks last night.

This province is changing; it is not what it used to be. The demographics are changing. The sizes of households are changing. The needs of different communities are changing. I am beginning to see some programs in the ministry which the public does not give two hoots about, but from a staff point of view they are pretty important.

In a number of areas, Ontario is encouraging particularly smaller municipalities to share some of the knowledge that other people in the municipal field have. Mostly, this comes down to administrative work, exercises in planning and in budgeting, in sharing examples of non-profit housing, in new accounting techniques, in new personnel techniques.

I want to encourage the minister to continue that kind of work, because I am sure one of the problems he must face every day when he talks about municipal government is that this is a province which encompasses everything from the municipality of Metropolitan Toronto, one of the most sophisticated municipal operations in the world, with all its demographic problems, all its social problems, police problems and the

associate equivalent staff to try to deal with those, to unorganized municipalities that do not have anybody. In many areas of Ontario it still is true that the entire municipal operation could not fill this room; it perhaps does not even have a room to fill.

There is quite a range to look at out there. It can be a very sophisticated operation, as it is in many of the regions and in the more urban centres.

One of the things that used to drive me nuts when I talked to people from smaller rural municipalities was that their version of planning was to call somebody in Toronto, a consultant—usually some well-dressed eminent Tory personality—who would visit their community and would suggest, “Yes, we can certainly help you out with your planning problem.” Then three days later two guys in a Honda Civic would show up, they would find out where Plum Hollow is, go back home, read Harrowsmith to get a little local flavour, change the front page, change the maps and provide them with an official plan for their township. It used to drive me nuts, and it seems to me we are at least recognizing that is not the way to do it.

Hon. Mr. Bennett: They changed the front page by telling them the geographic location of the community in relation to Ontario and Canada.

Mr. Breaugh: That is right. We are making some headway there. I would not want to diminish that task or think it is one that is going to be easily accomplished.

One other thing I want to mention is that for a long time in Ontario the level of municipal politics seemed to be almost hidden. You could see that reflected in the number of acclamations that happened around Ontario. Although I am not sure about your spending priorities, I am not quite as convinced as you are that it was such a massively successful program, particularly when the results are not in yet. I do not like to declare things an absolute win until I see the final results.

It is not a bad idea that the government of Ontario decided at least to announce in some way that there were going to be municipal elections this fall and to point out to people that the local government level is pretty important and is spending a lot of money. The region in which I reside, for example, has a budget, a staff and a population in a geographic area that is in excess of at least one of our provinces. Metropolitan Toronto, I am told, spends in its budget more than all the Atlantic provinces put togeth-

er, and I would warrant that it has more people on staff than all of those provinces put together.

Municipal government in Ontario is something that people may not see as being terribly exciting, but it surely has an impact on their pocketbooks, their lifestyles and on their day-to-day problems. Anything that brings it out of its forgotten shadow of acclamations and puts it in front of the public eye is worth while doing.

I want to say a couple of things about some acts that have come out lately. I will not go into them at some length, because we have had and will have in the near future the opportunity in other committees to deal with things like the Municipal Conflict of Interest Act, where there have been substantial problems over the past few years and where there will continue to be some.

I somewhat regret that we have not had the Municipal Conflict of Interest Act placed in front of us in an active way since about the spring of the year. I had rather hoped we would have had a shot at that. There is a need for hearings, and I understand there is an agreement now that we will get a shot at second reading some time before the end of this session. We will get those hearings shortly and finally we may be able to deal with that.

The same thing is true of the Planning Act. As I recall, one of the first exercises I had as a municipal councillor was to meet with people and talk about the Planning Act. It seems to me that one has gone on long enough. It is almost time to make some changes. By and large, the thrust of what is occurring there is to realize that many of our municipalities can handle that and do not need the minister to hold their hands any longer. That is a supportable notion.

The same thing is true of licensing, even though in the current bill before the Legislature we went through a series of hearings and identified some problems in that regard. None the less, the thrust of the bill is eminently supportable.

Now I want to go to what I think is going to be, for the next while in municipal politics, the big nut, so to speak, and that is shifting costs.

As I go around kind of gathering up impacts, what is becoming apparent is that a tremendous shift has been occurring over the past decade, and not just in programs; in some cases one can have theoretical arguments that a municipality can deliver a program better than any other level of government just because it is there, just because it is exposed to the public in a way that

we are not here and certainly in a way that the federal government is not.

I am afraid the trap has been set in many cases by people from municipal government who said, "There are things we can do, which we are more sensitive to, that you just cannot do. You are a long way away from even Oshawa and certainly a long way from Shining Tree." Some of us do not even know where Shining Tree is. Those people feel the delivery of services can be better done by the municipal government which is sitting there in the community. I do not think there is any denial of that.

The difficulty is the shifting costs. As I follow the announcements by this minister and by the Treasurer about what is going to happen in the annual crashshoot known as grants to municipalities, it is at its usual state. There are tentative statements made, the latest being last night where the minister came as close to saying that it would be up to five per cent across the board. I notice when he was with the Association of Municipalities of Ontario he said it might be zero but then again it might not; it might be a few more. So it is kind of moving in its normal, natural course.

11:30 a.m.

Hon. Mr. Bennett: Always paint from the corner out.

Mr. Breaugh: Yes. They are doing their first runs now in the municipalities which do this kind of activity. What is going to be the impact next year? Some of it is pretty alarming because the first run is substantial. The first run is in the neighbourhood of 15 to 20 per cent in most of them.

The difficulty is that what we are looking at is all the way from Metropolitan Toronto, a large organization which has the ability to exercise options to do some fine tuning, to a small municipality that does not. We are looking at operations all the way from that kind of an organization to a group of rural councillors who are talking about whether or not they are going to buy a snow plough next year. Some have options that others do not.

The difficulty is that if you look across the board from various ministries, from Health talking about local public health programs, to MTC talking about new GO lines and adjacent parking lots and transit services, to police costs where there is an increasing expectation about the kind and level of policing that ought to be there, to fire protection; just about anything you can name by any ministry, the shift is clear. It

appears now that the bulk of that, the focus of that shift is going to hit in the first year of a new three-year term. Some of us would argue that is not by coincidence, that whoever sits on the municipal council next spring, when that budget is finalized, is going to be making some pretty tough decisions and they may need a year or two to recover from some of those decisions. Most of them are quite happy to do that.

What concerns me, though, is do they have sufficient options to do it with some grace? I am not convinced that they do. In some areas, I think that is true. For example, in the largest one we are looking at, the first run by Toronto is a little on the scary side. They are looking at a 14.5 per cent increase across the board. One of the things which frightens one a bit on municipal government is that they can whack away at their budget for about six months; you can cut down on the day care spaces, you can lop away at how many times you are going to plough the streets, you can cut back on the number of trees you are going plant and you can do yeoman service and walk in on finalization of your budget day and say: "Here we are. We have held it to two per cent."

Then a week or so later someone will come over from the police commission and say, "Yes, well, here is ours." I notice that traditionally in January and February in Ontario there is always an upsurge in crime. I do not know why that is, but just prior to the presentation of the budget there seems to be an outbreak of violence all around Ontario and the police commission is always ready to fight crime with whatever it needs, which is mostly money. They walk in and say: "What do you want us to do? Do you want to cut back on the work of the police force and allow all this rampant crime in the streets?" Then, of course, the one that nobody really notices until it is tacked on to the end of it is the school boards. There is better than half your municipal budget.

The problem is that municipalities, no matter how astute they want to be, no matter how mean and tight-fisted they want to be, better than half their budget is outside of their control. On a number of occasions I seem to recall the arguments being raised: "What if we have been mean all year long and the police commission walks in with its budget. What do we have to do with that? Do we send it back to them and tell them to make the cuts that they do not want to make? Who runs what here? Can we tell the school boards that we are not going to do it?"

I have noticed an increasing pattern around

Ontario that when the tax notices are sent out, the municipalities are now being meticulous about trying to point out to people: "Listen, do not shoot me. Talk to your local board of education. This chunk of your property tax belongs to the school board. It does not belong to me." Using different colour schemes and different notice systems, they are trying to point out to people that is where the problem is.

That tax shift is of some major concern to me and I want to go through a bit of what the argument will be. As you go around, for example, in Hamilton where there have been sort of tripartite committees, so to speak, to look at local problems around layoffs and properties, labour wants business to pay more taxes. Of course, you can go to another community and the chamber of commerce will say: "Why don't you make labour pay more taxes? Find a way to do that."

One thing that bothers me is a trend I see coming up in many parts of Ontario—I guess it is a little more vocal in places like Windsor, where things are really tough, and I can think of a couple of other communities; Sudbury is another one where this happened—where almost a Proposition 13 mentality is setting in. This is difficult to deal with, and I think the birthplace of Proposition 13 in California is a good example of it.

I had an opportunity to spend some time with some people from California last year, and they pointed out that the difficulty is that governments these days are so sophisticated and complicated that it makes you very vulnerable to somebody who comes along with the really simple idea: "Just cut taxes. And set aside for a little while how you cut taxes and what the ramifications are; just cut them. We don't care what you do; just stop the taxation process. We don't care if it means that you are going to starve me out next year. Just don't tax me for it this year."

They related to me a number of the problems that had arisen through that system, which, as you know, is unique to the United States and probably cannot really happen here. But things akin to it can happen here when there is an outcry from people, quite naturally, who are unemployed, who feel that their houses are being threatened, that all they have worked for through all of those years is just going to dissipate on them.

So there is a strong cry in a number of municipalities. In some it is organized and in others it is not organized; in some you see it in

letters to the editor and in others you see it in editorials, where a lot of attention is being paid to this big tax hike that I think is in some way, shape or form almost inevitably going to hit some time next year.

The reaction from the public in a number of municipalities is to say, "If it means we have to cut day care spaces, if it means we have to go at welfare recipients, go after them," without thinking very clearly through the consequences of all of that. My area is one that is hardest hit and, as you may know, the regional social service committee said: "Listen, we had better get together with the Association of Municipalities of Ontario and we had better address ourselves to this problem. There is nothing we can do here. By law we have to run a social services department. By law we have to make these payments. By law we have to pick up our 20 per cent."

People are coming off the Unemployment Insurance Commission rolls at a rate of about 1,500 to 2,000 a month, and it is more likely to escalate than to decline, so they are into mandatory programs. I recall when I was in budget committees going over them, and you were looking for \$2,000. You were losing 80 per cent on the dollar to get it but it was the only way you could go, and in some cases you could not get it either.

I know that in my community and in Windsor and Sudbury people are looking at really stupid things. Those little parts of the social services budget that were discretionary, that allowed a little bit of humanity into the social services system, are the ones that were on the line. Of course, as a reaction to the public saying, "There is too much taxation all over the place," which is something you can hardly deny these days, there are going to be a lot of bitter consequences.

I know the minister is sensitive, that in many areas he is going to have to redress that situation; he is going to have to soften that blow. I just want to put on the record that this is a major concern of mine. Even, for example, in Grey county the farmers are upset about proposals to revise the farm tax calculations. Joe Clark says the municipalities deserve a little different shake-up on how they are financed. Lloyd Axworthy, of course, says we have just got to have restraint. Mayors all around Ontario are looking at that same financial problem.

There is, in my view, not a good answer there. The difficulty is that in many areas the municipal taxpayers are looking at a problem; they

have got that much in their minds. There will be arguments—there are in my area—about the size of the impact. I do not think there is any question that the first one that most municipalities are looking at is in the order of 15 to 20 per cent; I do not think there is any argument about that. But if you look at Metro, with all of its choices, it means it has to take something like \$90 million out of its budget. It is going to be hard to get to that.

I know that school boards, with added responsibilities under Bill 82, are going to be looking for more money, not less. I know that police forces and police commissions are going to be saying, "Listen, you want police officers to be better protected, and we have to go out and buy vests for them," or "You do not like the way the holsters are shaped, and we have to buy them all new holsters," or "You do not like police chases, and we have to buy some different vehicles and we have to train our people a little bit better." The choices are not always apparent.

11:40 a.m.

It is happening in other places. I have a little clipping here from the *Globe and Mail* talking about taxes in British Columbia, where some property owners are shocked by proposals to increase their property taxes by up to 500 per cent. I thought that was a little alarming; that kind of stuff could not happen here. Yet when you look at combinations of effects, if you look at reassessment, if you look at school boards embarking on new programs and police commissions expanding their operations, if you look at the people coming off Unemployment Insurance Commission and on to social services, we are going to have some places where it is perhaps not going to be 500 per cent but it is sure going to be a shocker when they get it.

I think the culmination of all of this is that the shift continues. The federal government is very anxious to get rid of some programs. They will do so, I would guess, after some dancing. They will propose ideas and then retreat from them. But I do not think there is any question that the whole argument about established programs financing is still hot on their agenda and that they are going to continue to say to the provinces, "Listen, we think we have milked all the political good that is on the side of this program and, having done that, we would now like you to take it over." I know Ontario is going to continue to say: "We built the hospital for you, we have put up your firehall and we gave you a fire engine. What more do you want? Now you take it over."

One of the political lessons you learn, of course, is that it is very nice to have the province and the federal government come and build your arena for you. It is nice to get a Wintario grant for that. It all looks very good. It looks as if you are getting an arena on the cheap. But one of the things you have to learn is that this is the cheap part of the operation. The expensive part is to run an arena for 10 or 20 years. The expensive part, once you have the free fire engine from somebody, is to have somebody man the fire engine for the next 20 years. The cheapest part of all of this is putting up the plaque and cutting the ribbon; that is the easy part of the operation. The one that hurts and has very little glamour to it is to run the operation for the next 20 years.

That whole transfer, that whole shift, has been going on for a long time. It is going to unload shortly—and that is my concern—in the middle of an economic depression when municipalities do not have an ability to pick up.

The unfortunate part of this is that it means cuts. I know we have had some interesting arguments around here for the last little while about when a restraint program is really just restraint and you get the same number of dollars as you did last year even though inflation has eaten them up a bit more, and about whether this is really a cut or just holding the line. I think we have passed that point, and I do not think there is going to be any question next year in municipalities around Ontario that there are going to be cuts.

I know what will occur. I know, for example, that one of the juicy items in anybody's budget is that you pray that this winter it will not snow. You have \$500,000 and you are sweating it out through February and March because you can look at that and say, "If it does not snow in the last two days of March this year, we will have \$400,000 we can pull out of that account and run something this summer." I also know it always snows, damn it, during the winter in Ontario, and I do not think there is very much we can do about it.

I know two things. If you do not plough the roads, people who are accustomed to that level of service are going to be yelling and screaming about it. I am not on the municipal council in Oshawa any more. They still call me when their street is not ploughed, and I always tell them, "Well, I would like to get out and see how bad your street is, but I cannot because my street is not ploughed either." They do not accept it. There is just no rational argument to that.

Then people will meet you in the middle of summer and say: "Listen, you should not be spending that kind of money on snow removal. It is stupid to see those trucks out there." When you are on a municipal council and you know how much it costs to have trucks on standby—and unfortunately it does not snow between the hours of nine and five—and you know what it costs to pull your people out on overtime and run them all night long, 20 hours at a whack, that is an astronomical operation, just to pick one example; you are in a bit of a bind.

One of the things I noticed when I first moved from rural Ontario—it was a place called Napanee—to a big city like Toronto is that people in cities cannot cope with things like snow. In Napanee, if it snowed you would get your car out and drive in the snow. There did not seem to be any problem. Everybody is pretty well accustomed to it. You learn how to slow down a little bit; you learn what to do in a skid. In Metropolitan Toronto it causes absolute panic. No one seems to know what to do when the white stuff hits the ground. You get the fender benders and, of course, the police officers are very busy and that complicates the problem because the work crews do not have easy access to the roads.

The end result of this is going to be, without question, I cannot see an alternative, some cuts in the provision of services. I am concerned about where they are going to make those cuts, because some will have some options. I notice in various press clippings, many of the ministers, and this minister is one, have put out the premise that municipalities should cut services rather than raise property taxes, to offset drastic cuts in the provincial transfer payments.

I hope the name of the game has not changed very much since I was on municipal council, in that the ministry will be very tough in the fall, as it always is, about restraint and that kind of stuff. It will announce numbers it knows people cannot live with. It will then wait to see who comes up with the best argument, who can yell and scream and say, "Yes, that is the general rule, but here we have a special set of circumstances." Traditionally, in Ontario politics, that is what has been done.

The government of Ontario sets up regional police forces. It does not quite provide the grant money to run those police forces. If somebody says there has been an outbreak of crime in Welland, in Niagara, or wherever, the ministry will say, "Why don't we build you a new police station?" The council goes back home and says:

"Didn't we do a hell of a job at Queen's Park? We got more money out of them."

Somebody else will argue that they have special program they could run. The one that used to defy my knowledge and logic was the old streets and roads program, which has improved somewhat from its original days, but is still an amazing display of who can come up with a good set of maps and a good argument, who can hire the best set of engineers. If you do not get the right engineering report, you do not qualify for the grant, and nobody will tell you what kind of an engineering report you need before you have to qualify for the grant.

I hope the tradition of Ontario politics will prevail, and much of what has been said so far contains a large amount of rhetoric. Somewhere, deep in the souls of the Treasurer and the Minister of Municipal Affairs and Housing, there is a realization that the five per cent limit in Metro can be put out of whack by the presentation of the police budget. There is no question about it. It is unlikely they are going to make the \$90 million. I do not think that will happen.

The same pattern will follow around Ontario. It will be different because each of the municipalities is different in nature and faces different problems. Some of our municipalities can look at a five per cent limit and say: "We can do that. That is no problem. We will not crank up the new arena. We will delay a new capital project." But they are going to be caught between a government that now wants them to crank out projects and pick up a portion of the cost and, at the same time, cut back on services. There is an element of suck and blow in that. Some priorities have to be established. You cannot do two things at the same time. Some are going to have an opportunity to do what the minister is fishing for, that is, readjust their spending priorities. Some are going to be faced with tax revolts.

I know. I have been in council chambers. When it happens here at Queen's Park the security guys are out, the OPP are walking around the joint. I remember in my municipal council chambers there were a couple of items we all dreaded. One was when we brought in the recreation budget and we were arguing about whether to build a soccer pitch or a new arena. In my town, there would be about 300 guys in hockey jackets who, it seemed to me, all weighed about 340 pounds. They would be standing around and saying: "I do not give a damn about soccer. What is soccer? Girls play soccer. We want a new rink."

In Oshawa, and in many communities, you could build a rink a year for the next 100 years and you would not build enough rinks. After you had built them, you would be arguing about ice time. These gentlemen had access to the decision-makers, which you sure do not get in Ottawa, and you do not get here very often. When you do, everybody panics. It is just a matter of course. They walk into a open council meeting at 7:30 on a Monday night. They fill the joint. They know, if they want to exercise a little pressure on their council, that is what to do. I tell them to do that. That is the name of the game. That is democracy. That is fair. If the council has a well thought-out budget presentation, if it has thought through its priorities, it should do that.

I recall, on many occasions when I chaired a little recreation committee, one of the things we said to other groups who were not quite as well organized was: "Listen, we have to set some priorities here. In this town things like minor hockey and ball are well established. If you want to establish track and field, if you want to establish soccer, if you want tennis or gymnastics, you have to go out there and generate some kind of support. Show us those people." In some cases they did. But the fact is they are more vulnerable.

11:50 a.m.

For example, comparing the budgetary process in any municipality with the budgetary process here at Queen's Park, the Treasurer has the luxury of a lot of staff, which some municipalities have and some do not. He has the luxury of going away in secret to prepare a budget, and standing up grandly one night to announce it. I would like to see a municipal budget committee try that one on for size. I would like to see the committee go away somewhere for a couple of weeks, put together a municipal budget and come back and announce it.

When the Treasurer stands up, by parliamentary tradition, the entire government caucus stands with him. Some may grumble, when they go off to a reception afterwards, but in public here will be one presentation by the Treasurer and everybody is on side. You can beat it back if you like. It has only happened once since I have been in here, and it was the end of Darcy McKeough slightly thereafter. The municipality has to go out there, for the most part in open budgetary meetings, put out an initial projection and publish those things, expose them to the entire council and then face the public as it goes through this. That is really a difficult task.

I do not think there is any question that there are going to be some services cut, some of which will be unfair and some of which will be plain stupid. I want to make a pitch to you to be sensitive to that, to understand the kinds of problems the municipalities are facing, to understand that many of them need some help. They need some programs; they need some incentives; they need some help with their staff; and they also need some bucks. It is not going to be quite as simple as the tax revolt people talk about. It is not going to be quite as simple as the six and five, or nine and five, or five, or just under five. You are looking at people with widely different financial problems and widely different needs. I hope you are going to have the sensitivity to address yourself to that, because there is quite a difference from one municipality to another.

I want to go back to the budget again. Excuse me if a lot of what I have to say deals with dollars. I am not sure how sane it is to be taxing the municipalities. It seems to be the popular sport. I know you have made the defence that you are just transferring on to municipalities what the federal government transferred to you, but I cannot understand the rationale behind taxing taxes. These days you are doing it across the board. You are zapping them with the Ontario hospital insurance plan costs and with the sales tax; you want them to build things, but you want to tax them on the building materials; you hit them with the ad valorem tax on gasoline. You are really putting a pretty substantial bite on municipalities.

I know, for some, this whole argument is an accounting exercise. I want to make the argument to you that for others it is not. For others you are making a critical difference in municipalities whose budgets are tight. You are making the difference in whether projects go ahead or get cut. Again, as we went through the exercise from the last budget, I do not know whether it is because municipalities in Ontario are used to this sport or what, but for example, when we called them up—I did not do this, people in our research department did—we asked, "Would you give us a quick projection on what kind of impact the provincial budget has on your local budget?"

Some municipalities said: "We had our staff take a run through that and it is going to cost us an extra \$150,000 this year. We have some flexibility in a couple of other budgets here so we can probably very quickly pick up \$60,000 to \$80,000 of that and we will be scratching for the

last portion of it." Other municipalities said: "What do you mean when you ask if the provincial budget has an impact on our municipal budget? We do not even understand that." Of course, many of them did not have staff. They had not heard of the provincial Treasurer and his budget yet. There was such a variation in the response that it disturbed me somewhat.

I had an interesting example in my own municipality when I asked the two school boards to tell me what their staff had come up with in terms of an impact. The public board, a rather sophisticated board—the second largest employer in the municipality, as a matter of fact, or in the region—had done what I had anticipated. The financial staff had shown the impact on how many schools were being built, how much it was going to cost to keep the school buses on the road. They gave me what I thought was a plain, normal response. They said, "It will probably be \$100,000 this year and maybe \$200,000 next year."

The variation in that is that not all school boards are still building schools. It happens that in my area there is still a growth in that particular aspect; they are still building. Many of the school boards said, "With building materials you are talking peanuts, because we are doing repairs; we are not building schools any more."

The separate school board gave me a very interesting response; I used to work for these folks so I know most of them. They said, "We do not think you have a right to know what that is." They kicked that one around the block and, after a couple of meetings, and since everybody else was divulging the top-secret information, and after all they are not really an arm of the provincial government and it is public knowledge, and since the guy is a taxpayer who represents at least a portion of the area, they finally decided to supply me with the numbers.

What I thought was interesting about the exercise was when you attempted to track the effect of a budget brought down by Ontario through the municipal system, you got such variations. Some were able to pick it up very quickly; some were not even aware that it had happened and probably would not be aware for some period of time.

Some were able to say, "Right now it is going to crack us for \$80,000." Although these are projections, they knew where the money was being spent and they were able to track it quickly. Others were able to say, "We can handle it." Others said: "We do not have any

contingency funds. If this means an extra \$40,000 out of a small rural budget, it means we will have to stop buying something. It means we do not buy a pickup truck," or whatever.

It is that variation in their ability to look at impacts and to deal with the two big players, the federal government and the province, and see that come on them. It alarms me somewhat when I look at whether they can handle this rather dramatic tax shift. I am not comfortable with the notion that they can, because when I look for other areas and see the response from municipalities and from individuals, I see some problems.

I will mention a couple of examples. We have had a considerable problem because of a federal program which began by saying it was a good idea for people to insulate homes, and by their offering grants and incentives to do so. One of them happened to be insulation using a substance called urea formaldehyde foam. We watched that process whip through the system and the development of some indication by different levels of government that this was not a healthy thing to have stuck in your home. In my own experience I have met many people, some of whom did not understand what the argument was all about.

One guy I know lost a substantial amount of money because he had to get out of a home he could not live in. His wife was particularly affected by this substance and the medical profession in Canada seemed unable to deal with her physical problems. He has had to sell the house at a loss. He had to buy another one which has an area called an oasis, where his wife can go for her respiratory and other problems during the course of the day. The entire family's diet has had to be changed and they have astronomical medical costs.

It almost seems, from this one example, that all the governments in Canada fell flat on their rear end in trying to deal with this one problem. To look at just one aspect of it, that of assessing whether or not the value of the property was affected and whether that in turn would affect the tax assessment of a given home, it seems the system had trouble dealing with even that part of it.

Some municipalities say: "Yes; just appeal it. Obviously, the value of your home has dropped and that should be reflected in the assessed value of your home and we will reflect that." That would be one normal consequence of it.

You see variations from one community to another. When you begin almost to get a

building of precedents in rulings by assessment appeal courts on whether the UFFI problem devalued property, you see the minister step in and say, "Listen; no, no, I do not want to go through the appeal courts any more. I now want to slap on 30 or 35 per cent," or a rather arbitrary number which he gets to pick.

I do not want to go on at great length about all the inherent problems UFFI, but if there ever was a classic example of governments in Canada initiating problems, causing all kinds of anger, frustration, health hazards and financial problems, and then subsequently being unable to rectify them, the issue of urea formaldehyde foam has to be it. The problem is that it is still not resolved.

Different levels of government are saying: "No, no; that is not my responsibility. It is somebody else's." The frustration that you sense in individuals who have encountered the problem in their own homes is immense. They call one ministry which says it is not its responsibility. They call somebody else who says, "We do the testing but we do not have the equipment now." They call somebody else who says, "No, fill out this form." Another says, "Go off to an assessment appeal court." If you go to the medical profession, somebody there says, "Some of this is psychological." But people are having severe physical problems.

12 noon

As a classic in government screwups, that whole urea formaldehyde foam exercise has to be it. It is classic not in the sense that nobody responded well but in the sense that it caused severe pain and economic dislocation, and shakes your faith in the system.

I want to touch on a few other areas that I think are important. One is coming up now, as the economy is going through a bad period and is going to get worse. That is, that there are all kinds of tax arrears. You can see this in Windsor, in Sudbury and in Oshawa. I have seen things in my community which a few years ago I would have thought unreal, that could not happen.

You mentioned last night something about housing action programs and that kind of stuff, which had a major impact when I began my work in council. It was one of our big arguments when the province announced its Toronto-centred region plan and announced "Go East," and then unfortunately happened that the federal government and the province brought in all these housing programs; there were a lot of almost giveaway housing programs.

I recall getting hammered in the local press

for saying: "I am not too sure it is such a hot idea to put people into a house for five years. What happens at the end of five years? Where is their down payment? Will they be able to carry it? You are going to subsidize them for the first three years and perhaps a couple more. Then are you going to ask them to pay it back? Do you know what you are doing?"

I regret that was one occasion I was right. I had never seen people back pickup trucks up to a condominium, load it up and just plain leave; not quit-claim, not file for bankruptcy, not do anything, just get out. We have seen that and it is still prevalent; although governments are trying to recover and sell these things off at a loss or a discount and are now, in some cases, getting close to market value. It is all over my community.

We are seeing places like Windsor trying to step up their collection on business taxes that are in arrears, but if they are going out of business, they are not going to be paying taxes. That is true around Ontario.

I met with some people in the Kitchener-Waterloo area who were encountering the same problem. Although not a great many municipalities want to talk about this a great deal, some are saying—for example, here in Metro—they want to start cracking down on businesses and property taxes as arrears climb. But that is a self-defeating exercise. You can crack down on them if you want. You can send your people out and serve them with a lot of notices. But if the business is not in business any more, you are still not going to collect your money. You may succeed in getting people out of houses where their property tax will be in arrears, but what are you going to do with them after you get them out?

I would bet this minister could give those municipalities good advice on how wonderful it is to wind up with a lot of housing stock on your hands when you do not have the staff to administer it, when you have never done that before and you are not set up to handle it. I know that some of your projects which the Ontario Mortgage Corp. took over in Oshawa ran into a lot of problems. It was not because you had bad intentions; you just did not have anybody to deal with it. OMC was not in the business of renting condominium units. You have to scramble to try to pick that kind of program up. There, again, is another occasion when the thing does not get better, it gets more complicated.

There is a story in the Hamilton Spectator that Hamilton's tax default rate is up 437 per

cent. Sooner or later this is going to track through the system, even if municipalities do what they had been told to do earlier, that is to cut services. If they toe the line and stay with six and five, or nine and five, or whatever the slogan is this week, the hard fact remains that if the economy does not turn around and the tax default rate jumps to that kind of an alarming standard, it does not matter what you have done to your budget. You cannot collect property tax from these folks; all you are going to be left with is what you can get out of the province in forms of grants or transfer payments.

It seems the trend is now being identified around Ontario that that is going to have an impact. There are new stories from Cayuga, from Kitchener and from Stratford. It is just a trend which is going to develop around Ontario. It poses a problem which is very difficult. When one talks about things like income tax escalation, one big ace the federal government always has is that, with most of us, it grabs our income tax before we even get our paycheques; so it has its money.

When one looks at the other end of the scale, there is the municipal property tax which is sometimes paid in monthly instalments with one's mortgage, but there are still a great many people in Ontario who actually like to go to city hall, look somebody in the eye four times a year and hand him cash, which in these days is almost an archaic method of paying one's bills.

Every city hall I know of has a treasury department. There are little old ladies and little old men who walk in and crank the money right out of their purses or wallets. They actually put the cash on the line and have the audacity to ask why they are paying that amount of money. The staff had better have an answer or two about why the assessment was so high.

I think the whole field of finances at the municipal level is in for a dramatic and turbulent year. I wish I could be a little more positive about that, but everywhere I look I see more problems and fewer solutions. I guess the obvious answer and one which the Treasurer would probably argue is they are hoping for an economic turn-around and that wonderful things are going to happen somehow over the winter. I am sure Marc Lalonde would have great things to say about what the federal government is going to do and Frank Miller would have great things to say about what Ontario is going to do.

When one looks at it from the other perspective, on the ground in Oshawa, in Windsor or in Sudbury, and one takes a look at the hard-nosed

economic reality of those communities, my council and the councils in Sudbury and Windsor could do whatever the hell they want about a budget; but it is irrelevant to many of the people I represent.

A lot of my people do not have a job. Some of them have a house. There is no potential for them to pay that kind of money in municipal property tax. Even if they slashed the slop out of the municipal budget, it is irrelevant. They do not have jobs and they ain't going to pay. No matter what you do, no matter what incentives are announced, no matter how wonderful a job the municipal council does, there is nothing in the till. One cannot get blood from a stone. One can succeed in kicking them out of their houses, but one is not going to get any money from them, because they do not have it.

That is an unfortunate fact of life and it is on such a scale in many parts of the province, not all, because the minister is right and we can all find places where things are relatively normal. But they are becoming few and far between and in many of the communities we represent, they are not normal.

These are not just tough times. We are not just into an economic decline. We are not just asking people to accept restraint or to make a contribution to the recovery program. People are flat on their rear ends. I wish I could be a little more positive, but I cannot. In all honesty, I think this problem is going to land most directly and most unfortunately at the doorsteps of municipal councils next spring when they propose budgets.

To some extent, it was there in a few communities during the municipal elections this fall. It is going to be there in more communities. I know the minister is as aware as anybody of the extent of those problems and I know he is going to have to deal with them. That is not going to be easy.

Let me move on in the latter part of my remarks to a couple of other areas that I hope are not quite so depressing.

One of the things which happened this fall is we had a variation on election expenses. Ontario has discussed with the AMO and a number of other groups for a long time the whole matter of election expenses at the municipal level.

There are those of us, like myself, who have been advocating this. I know there are problems, but what you really ought to do is attempt to look at this problem in the same way the federal government did and Ontario did, and

put in some kind of municipal elections expenses act.

I know there is some difficulty with rebates and things like that, but the proposal was made here that we should change the Municipal Act so that municipal councils could pass a bylaw, as many of them have. If it did anything, it perhaps added the force of provincial law to straighten out the challenges that were being made to those bylaws.

I want to get into an area which is probably not too sensible to get into, but I want to get into it anyway. One cannot afford any longer to have a whole level of government of elected people where there is no disclosure of who pays for election expenses, where there really are no limits, and where we all know the people who are the active participants in financing municipal campaigns are those people who have a vested interest.

Anybody who has ever been on a municipal council knows that the people who are interested in seeing who sits on a municipal council are people who are going to make money from what that council does. I do not care which community one comes from, when one goes in and watches who is watching city hall tonight, one will find a variety of folks.

12:10 p.m.

There are some like myself who are interested in politics and see it as a kind of blood sport that is better than Hockey Night in Canada these days and fun to watch. There is the development industry in array. The lawyers are there. Usually in smaller communities, developers themselves are there. They are the active observers of municipal councils. There is no question about it; they have an axe to grind.

There is also no question that even if they are the nicest, most honest, most decent human beings and corporations in this world, the reason they have all that interest is they know when that council makes a planning change, changes a bylaw or does a change in an official plan, somewhere down the line they can make a pocketful of cash.

I do not think you ever want to get to the position where you say, "Listen, they cannot contribute to some municipal candidate's election." I do not care what you do, you are not going to stop that anyway. But I think what you can do is what we have done federally and provincially and say, "At least we would like to know who is backing which players in this league these days." It seems to me that is not too much to ask.

Federally and provincially, it has not been a big deal, but the disclosure is there and the results are published. Because of the nature of municipal politics, there are some problems in saying you are just going to leave that alone.

We see a trend in the United States and we are going to see it here; they always come up here; I do not know why, but they always do. The trend we see is where people with a lot of money decide they want to buy the governorship of New York state and they go out and try to buy it. That trend is there, and there is a tremendous advantage.

In municipal politics if one has, for example, a situation where some ordinary working stiff decides he would like to run for the local council, he might be able to put together a couple of hundred bucks on his own. I doubt he could do that these days, but in normal times he might be able to do something like that. If he is working and still has his job and all that, he might be able to spend as much on a municipal election campaign as he does on his kids' hockey, which is maybe \$1,500 a year these days. Somebody else in a different category of income might be able to put up an amount of money that comes to maybe \$15,000.

One can do that municipally because they are not able to put reams of canvassers on the street and because there is an impact of advertising in many of our communities. The potential is there for a variation on the system that I do not want to see.

Mr. Riddell: How much do labour unions put into a municipal election?

Mr. Breagh: In my town? Sixty bucks.

Mr. Riddell: I am not talking about your town.

Mr. Breagh: I am arguing both sides of that. If I want a developer to disclose what he gives to a candidate, I want a labour union to do the same thing. I am not arguing that one should disclose its contribution and another should not. All I am saying is the public out there—

Hon. Mr. Bennett: What you are really saying is the act should have said it was compulsory to enact a bylaw at the municipal level or the act should make it compulsory.

Mr. Breagh: I would have suggested a slightly different variation of that. I would have said there should have been a province-wide piece of legislation which would have said that, for municipal candidates, there is an election expenses act just as there is federally and provincially.

I know some variations of the two models in

existence would have to happen, but I am saying I would like very much to make the pitch that in the next three years you should rethink that and take a look at it. I know you have discussed it for some time.

Hon. Mr. Bennett: With AMO too.

Mr. Breagh: I am not sure that AMO or the people elected now are the ones who totally should have a say in this. I think there are other folks who have an interest here.

For example, in some of the communities where they have passed a bylaw limiting contributions and all of that, I am hearing a great outcry about it being massive interference in their system and why we let it continue that in some places there is a limit and in other places there is not. Would it not be better to have some conformity there? I would like to make a pitch in the last couple of seconds here.

Hon. Mr. Bennett: You are talking about a limit on donations.

Mr. Breagh: Yes. I would also like to see disclosure, and I would advocate that you take the two acts now in existence, federally and provincially, and try to run that through. A good place to start would be in your AMO system. Try to run that through them again and see what you can come up with. I think there is room for some improvement there.

Hon. Mr. Bennett: I think it is one on which we have done a lot of soul-searching with AMO and various other groups. The only reason we did not make it a mandatory requirement is that there are municipalities or jurisdictions in this province out of the total of 838 that no more need it than we need to fly from here to Wellesley Street for lunch today. There is just no need for it at all.

The major municipalities of this province, the ones where everybody seemed to be bitching and complaining about the lack of disclosure on who contributed to my campaign or their campaign or her campaign, have pretty well all implemented it via a municipal bylaw.

If you know of some municipality that you think should have—

Mr. Breagh: Oshawa.

Hon. Mr. Bennett: Why did Oshawa not do it?

Mr. Breagh: Because they did not have to. I think that is the basis of the problem right there.

Hon. Mr. Bennett: There are lots of things in this society that—

Mr. Breagh: We left it up to the elected people to make the judgement call: In my

community this is the popular thing and we ought to do that. I do not think it should be an argument of whether it is popular or there is a public outcry for it.

I believe that in Canadian society we have been successful at things like disclosure of donations to candidates, federally and provincially. We have put together two acts, which do have their problems, I grant you that—sometimes they drive me nuts when I am trying to wear one hat as a federal campaign manager—but basically we have put into the Canadian political process things that other jurisdictions have not been able to do and that I think are to our benefit. We have put limits on campaign donations. We have put it all on the table.

There are problems that we all have in living with those acts, but the basic concept is that in politics in Canada, your contributions to a candidate will be declared. In some cases there will be limits, and in some cases there will be rebates. We encourage people to participate in the process through some kind of tax rebate system. I believe all of that has been extremely useful.

Let me go to a couple of other cutesy items. One that I thought was really interesting goes back, in a slightly different way, to some of the financial transactions we talked about before. I refer to some of the things that happened in the township of Goulbourn. I understand the mayor who was involved in that controversy did not get re-elected. Is that right? That was Betty Hill. Do you recall? How did that happen?

Hon. Mr. Bennett: How did what happen?

Mr. Breagh: It appears that a township received a grant and then got into some controversy with both the mayor and members of staff saying, "We did not really deserve that grant."

Hon. Mr. Bennett: They would not have got it unless they had made an application for it. Let us get down to the bare facts. Whoever was writing the newspaper story can interpret whatever the mayor and the clerk said, but I can tell you this much. We did the investigation. They made the application for the funding of the programs. That is what it was based on. If there was any preferential treatment, then I should have cut off Oshawa, because that would be preferential treatment on my part, would it not?

Mr. Breagh: Yes. It does appear that in the midst of all of this, because we have had a bit of an argument over the specifics of this case, that it is still possible in Ontario for municipalities to get a little juice money, as they say.

Hon. Mr. Bennett: You're damned right it is. I will not deny that. Michael, if I did deny it, you would know very well I was not telling you the truth.

Mr. Breaugh: That is really all that I wanted you to say.

Hon. Mr. Bennett: Your colleagues in British Columbia practise it in spades, and your friends in Manitoba probably are not doing anything different.

Mr. Breaugh: Let me deal with a couple of other little items I wanted to raise here.

Hon. Mr. Bennett: We will get off that subject in a hell of a hurry.

Mr. Breaugh: We can get off it because you have said, very quickly, exactly what I wanted you to say.

Mr. Riddell: Are Mike and I getting our share?

Hon. Mr. Bennett: Let me tell you, I did not say it was based on politics. I said some municipalities get extra juice. I have seen municipalities get into a problem and we went in, regardless of the political colour, to help them to resolve it.

Let us go back to some of the storm problems we have had in this province; some of the disasters. You talk about juice money. Certainly every government has to have juice money or the community would not survive.

Mr. Epp: The question is, how much is Waterloo going to get?

Mr. Breaugh: I wanted to take about the last 10 minutes here to work in a couple of other matters that are important to me. In a number of municipalities, many of us believe that municipal councils are far more open than any other level of government. However, there remain a couple of small points.

For example, in Peterborough, a man you may have heard of on several other occasions on different items, a fellow by the name of Bruce Knapp, got into a bit of an argument with the existing council, a little more particularly with the mayor, because he wanted to know how some money was being spent. It seems the end result of that was that the mayor chose not to reveal this amount.

I have had this problem in a couple of other areas, usually not involving large expenditures of money because usually when you are floating ventures and building arenas and things like that everybody publishes the amounts. When you get into smaller things, such as expense

accounts, travel and convention purposes, people have attempted to go to municipalities and say, "I would like to know what this account was."

12:20 p.m.

I recall when I was on council it would get to the point where they used to make everybody on the executive committee go over every account that was ever paid out; so by the time we hit the council if somebody had bought three sets of work boots and they were not sure why they bought them, they had better have an answer. Perhaps we went to the extreme, but it still seems the case in many municipalities that this is not the way things are done; if you want to know, you cannot find out.

In the Peterborough example, I think the total amount involved was \$17,000 in expenses, and Mr. Knapp was looking for a breakdown of that. Having sat on a council, I realize there are people in your community that you see more often than you would like to see them. They ask you questions you would love to answer, but it does get a little repetitive after a while. You do have a tendency to look sceptically at someone such as Bruce Knapp, who is a dogged fighter, for whatever cause he is fighting for at the moment, who wants an answer, but it appears that in some municipalities the council can say, "We do not want to give you the answer."

We have gone around this block before about whether they have secret meetings over personnel matters or property matters or whatever. I just want to say that in my view there are some things a council has to do in private, because I do not want them discussing at a public meeting why somebody got fired, although we have all gone through experiences such as that.

It seems to me that if a citizen wants to see a public account, he has a right to do that, within reason. Every municipality that I know of, no matter how small, keeps a set of books. It seems to me that when they are dealing with public funds, the public has a right to see those books.

The municipality has certain legal obligations to publish financial statements. That is not what we are talking about. We are talking about penny ante stuff in some cases and not so penny ante in other cases. One of the problems you get when you become involved in government is that you sometimes lose your perspective about numbers like that.

One of the things that boggle the mind is when you look at the provincial budget, or even the budget of a large municipality, you have a tendency after a while, when you keep looking

at these numbers, to forget about the zeros and you start talking about \$1.5 million as not being a great amount in the total budget, and yet you know that if on the way home you had to cough up \$5 you would be scratching to come up with the \$5.

From the other end of the system, people are often interested, with a reasonable amount of righteousness, in smaller expenditures of money. Without imposing great obligations on municipalities, I would simply encourage you to establish that the public does have a right to have access to these numbers.

I do not want to be unreasonable about it, but in that argument in Peterborough, which many would say is not going to change the shape of the future of Peterborough economics, a fair number of dollars were involved. Mr. Knapp had a right to find that out from the mayor, and I do not think the mayor had a right to say, "We are not going to tell you." It is as simple as that.

Hon. Mr. Bennett: What would you want us to do about that?

Mr. Breagh: It simply needs to be established that whether it is Mike Breagh, the MPP for Oshawa, asking his separate school board to provide him with some projections about what the expenditures will be on the impact of a provincial budget, or whether it is Bruce Knapp in Peterborough asking to see the accounts for expenses of councillors going off to conventions, the public has a right to know.

Hon. Mr. Bennett: But there is a difference between trying to do a projection on an expenditure and an actual expenditure. I would suggest to you that the treasurer of any municipality, upon request of someone, would have difficulty legally refusing to indicate what the account was all about.

Mr. Breagh: I think the problem is that if you wanted to get a lawyer and take him to court or something, you could do that. I just want to point out that this is an area where, without creating an undue work load for anybody, you could simply and clearly establish that the public has a right to see these accounts.

Hon. Mr. Bennett: I think that is clearly established now. We are still coming closer. We are back to where we are.

Mr. Breagh: Without going into this at great length, I put to you the argument that I cannot, as a member of this Legislature, see those accounts for at least a year. I cannot get information from any of the ministries on what things really cost until they publish them in a

form that is really of their choice. The auditor can come along and see how the money is spent.

Hon. Mr. Bennett: We are not talking about the provincial system. We are now talking about the municipal system, which operates in another way.

Mr. Breagh: If you like, I am making an argument about freedom of information at the municipal level, and it is parallel to the argument I care to make at the provincial level or at the federal level.

One of the things the Canadian system of government has that is really a disadvantage is that—for example, in the American system the expenditure of public moneys is a matter any citizen can get at with a relative amount of ease; in the Canadian system, that is not true at any level of the political process. I am trying to get at that.

I have a few more items. I can either conclude today or pick up tomorrow. It will not take long.

The Vice-Chairman: Mr. Breagh, Mr. Epp has drawn my attention to the fact that in the next two or three minutes we might discuss dividing time.

Mr. Breagh: That is fine. All I want to reserve is the right to go on for another eight minutes or so. Eight is the magic number.

The Vice-Chairman: Certainly. Why is eight any more magical than any other number?

Mr. Breagh: It is my magic number. You have nine and five, the Liberals have six and five, and eight is mine.

The Vice-Chairman: We accept your eight. It is the guideline for your time limit in the next session.

Mr. Breagh: May I make a little proposition around the sharing of time, which is what we want to do?

Mr. Epp: Go ahead. How much time do we have? We have used up—

Mr. Breagh: We had 15 hours. What have we used up so far?

The Vice-Chairman: About four hours. We have about 11½ hours left, the clerk tells me, after today.

Mr. Breagh: I suggest you try to break it up into blocks of time and not be quite as specific about how much time we get but schedule it. For example, I think I will be prepared to let this go in about 10 or 15 minutes, so the main vote will be dealt with and then move to—

Mr. Epp: The minister will want to respond to some of that.

Mr. Breugh: Yes.

Hon. Mr. Bennett: Yes.

Mr. Breugh: When do we pick it up again? Tuesday evening?

Interjection: No. Tomorrow night.

Mr. Breugh: Tomorrow night?

Mr. Epp: That leaves about 11 hours.

Mr. Breugh: Yes. All I am suggesting is blocking off the votes. For example, on Thursday night we can clean up a vote and agree that if we have people who want to deal with assessment we will tell them it is on next Thursday night, next Tuesday night or next Wednesday morning. I suggest we do it that way rather than by an allocation of actual hours, and we agree we will get rid of that vote that evening.

Hon. Mr. Bennett: We sit tomorrow night, next Tuesday night, next Wednesday and next Thursday.

Mr. Epp: And the following Tuesday; so we have five sessions left.

The Vice-Chairman: We have seven and a half hours next week and two and a half hours tomorrow, which is 10 hours, and we will have approximately an hour a week from Tuesday.

Mr. Breugh: We should be able to finish the first vote tomorrow night without any problem.

The Vice-Chairman: If you wish, we probably could work it out so that we complete next Thursday and add an extra hour at some time, perhaps next Wednesday.

Mr. Epp: I do not object to that.

Mr. Breugh: I do not have any problem now. The only difficulty I have is that I do have some people who want to come in for particular items. We are all getting hung up on what is happening in the House and what is happening in other committees.

Mr. Epp: Were you suggesting going a little longer next Wednesday or something?

The Vice-Chairman: The estimates of the Ministry of Labour will follow this set of estimates in this committee, and we are going to be hard pressed to finish them.

Mr. Breugh: Are you saying you would like to end up next Thursday?

The Vice-Chairman: I think it would expedite these estimates if we ended up next Thursday night.

Ms. Fish: May I suggest a couple of evening sessions of an extra half an hour or so.

Mr. Breugh: Sure, no problem there.

Ms. Fish: May I also suggest that the chairman and the two opposition critics may be able to sort out a reasonable schedule for us, and if we do not need the full committee sitting here we can adjourn now.

Mr. Breugh: Vote 2401 will be finished—

The Vice-Chairman: As long as it is not drawn to my attention some time next week that certain members of the committee have not had an opportunity to make their input.

Mr. Epp: Mr. Chairman, there are six votes. It is my feeling we will need at least a full evening for the last vote, 2407, municipal affairs. Then there is the Ontario Mortgage Corp. Votes 2405 and 2406 are fairly important from my standpoint. Vote 2404 is not as important, vote 2403 is important, and vote 2402 is not. How do you feel about that, Mike? Do you see vote 2403 as being important?

12:30 p.m.

Mr. Breugh: The reason I would be prepared to go easy on vote 2402 is that we have gone through the Planning Act at some length and we could ease up on that one. I know my colleague the member for Etobicoke (Mr. Philip) would love to come and do a number of things around housing, and there are a couple of votes where that could occur.

Mr. Epp: Votes 2405 and 2406.

Mr. Breugh: Yes. For example, if we scheduled those votes for next Wednesday morning—there are probably three votes we could go through then—that would probably satisfy him. We will finish up on Thursday evening and we can just pace ourselves on the way through. I think we are all right.

The Vice-Chairman: Which votes are you suggesting for next Wednesday?

Mr. Breugh: If we do the housing votes—

The Vice-Chairman: Votes 2405 and 2406?

Mr. Breugh: You might want to put votes 2404, 2405 and 2406 on for next Wednesday morning, that block, and leave Thursday evening free for assessment and municipal affairs stuff, which we can do then.

Mr. Epp: Quite honestly, I think we will need more time than just next Wednesday morning for housing. Could we get into that on Tuesday night and leave Thursday for municipal affairs?

Mr. Breugh: I think we are in agreement.

The Vice-Chairman: Okay; next Tuesday we will try to begin vote 2404.

Ms. Fish: Yes; next Tuesday evening we can carry through—

Hon. Mr. Bennett: That is tomorrow night.

Ms. Fish: No, Tuesday.

Hon. Mr. Bennett: Then what is tomorrow night?

Mr. Epp: Vote 2402, the community planning program, which I do not see as a heavy one, and the land development program, vote 2403. Next

Tuesday and Wednesday we will get into housing. That will at least afford the opportunity to those people who want to speak on housing, if they cannot appear on Wednesday morning, to come on Tuesday night or vice versa.

The Vice-Chairman: Votes 2404 and 2405 and 2406 on Tuesday and Wednesday. Okay; thank you. We stand adjourned until tomorrow evening at eight o'clock.

The committee adjourned at 12:33 p.m.

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No. R-36

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament
Thursday, December 2, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 2, 1982

The committee met at 8:09 p.m. in room 228.
ESTIMATES, MINISTRY OF MUNICIPAL
AFFAIRS AND HOUSING

(continued)

The Vice-Chairman: I call the meeting to order. Having been well entertained by the landscape architects, Mr. Breough, we are ready to hear the contribution of the member for Oshawa.

Mr. Breough: Mr. Chairman, I just want to run over a few other matters to put before the minister to deal in some sense with those things that municipalities do well, with those where they have a few problems and with those where I think the government of Ontario could assist them a little bit.

One matter was brought to our attention last spring. It began across Ontario when a number of people wanted to talk about disarmament and struck upon the idea that perhaps a plebiscite on disarmament would be a reasonable way to proceed, most of us having an opinion on the matter and most of us not quite being in those echelons of great power where it seems appropriate to sit around a table somewhere and voice an opinion on the matter. It was brought to our attention that it appeared it would be possible to have a municipal plebiscite on disarmament.

It had a rather interesting history. It began with a group of people from every political party you could possibly think of, under the title of Operation Dismantle, who wanted to put the matter on the agenda. The first order of business, of course, was to approach the local council to see whether it would be appropriate for a municipality to put forward a referendum or a plebiscite that would allow people who were not in the military or in higher positions in government and making decisions on matters like that, but just ordinary people, to voice an opinion on it.

I thought it was interesting to read the official agenda. This flowed rather nicely. They went round from one community to another to attract church groups and people who were interested in nuclear disarmament, peace groups

and a rather unusual alignment of people of different political stripes agreeing on something finally.

I think it was out of this ministry that the first questions were raised as to whether it was legal to put that question on a municipal ballot, which certainly seemed like a unique idea. But the question of legality was one on which many of the councils in Ontario said: "We are quite happy to have our people voice an opinion on disarmament; there is nothing wrong with that. But we have this other early legal opinion which says that if we allowed that to happen, the whole election would be in jeopardy."

It was interesting to watch as Operation Dismantle gathered momentum, the culmination of which was two events. First, like all members, I walked into the House one day and found the Premier (Mr. Davis) discussing disarmament, which was a little surprising for me. Then the Attorney General (Mr. McMurtry), who had previously hedged on the matter of whether this was going to be the ruin of the municipal elections this fall, seemed to get closer and closer in successive announcements to the idea that maybe—I think because separate pieces of paper were issued or because it was a slightly different question—you could allow the population to voice an opinion on the matter without endangering the entire species.

Of course, my colleague the member for Waterloo North (Mr. Epp) put forward a private bill which would have clarified the matter entirely. The House, for a change, got its act together, had a reasonably rational debate and came to a decision on the matter that yes, in principle, there is nothing wrong with this; it might be a sensible thing to do; it is conceivable that it could be done in time and that we ought to clear the way to proceed with that.

In the way in which Ontario politics works, in more than 80 communities in the province they decided they would proceed with this plebiscite. In others they were still relying on either their own legal staff or previous opinions put forward by the ministry that this was a no-no. But the fact is that this kind of issue got put to a plebiscite. People were allowed to voice an opinion with-

out, it seems to me, severe disorder among the population.

Somewhere in these estimates I would like the minister to clarify his position on the process whereby somebody roughly described as a lawyer somewhere in the ministry voiced an opinion. In my knowledge of the matter—again we come back to the differences between municipalities in Ontario—some municipalities have lawyers on staff, a legal department, voicing an opinion that the council takes regularly to heart, and as their normal order of business they turn to the legal department, which gives an opinion. But in many others they do not have such a thing as a legal department; there might be a local lawyer in town, but many of them put a phone call in to Queen's Park or write a letter to the minister's office and seek advice in that way.

I would like the minister to clarify his position on the whole plebiscite issue as well as on the nuclear disarmament matter, because it seems to me that out of this ministry's office and all its staff, initially the response to the question of a plebiscite about disarmament was pretty negative; if you could not classify it as negative, it was certainly pretty shaky on technical grounds.

Somehow, between that early exposure to Operation Dismantle and the occasion when the Premier and the Attorney General rose in their places to give their opinions on the matter, it became legit. It seemed to me there was quite a change in the government's position on the matter. Maybe there was not, and maybe the minister could explain the ins and outs of all that.

I am not an advocate of great plebiscites on everything a council wants to do. I put on the record that I do not want to see us get to the point where, every time someone wants to build a school or a road or a bridge, we have a big plebiscite on the matter and we do all that as the Americans seem to love doing.

I am not an advocate of that, but I am an advocate of the idea that every once in a while groups in a community will put together an issue, they will put it to their council and the council will say: "That is the sensible way for us to proceed. At the end of it we will not have a piece of law, we will not have a new bylaw in our municipality, but we will have allowed our citizens to suggest to the council that this is a matter upon which it appears the people at large have a difference of opinion. We will let both sides voice their arguments, we will let it come to a vote, and that is roughly the end of it."

I think it would be a useful exercise for the minister at some time to respond to that.

Another matter that deserves a little consideration as we go through this is this whole concept of what in some areas is called regional government. Let me go back; Gardner Church whom I saw here initially, is one of the first people I ever met from the ministry when he came to the city of Oshawa to unveil to us the wonders of regional government.

I know this has been discussed at some length in different places around Ontario. There has been a slight change of name and a new product now is sold. I cannot remember the last time they inaugurated a new region in the province. I think it was probably five or six years ago.

Mr. Epp: Ten years ago.

Mr. Breaugh: Ten years ago? Is it that long since they abandoned it?

I just want to touch briefly on this concept of regional government. I think the difficulty many of us have with the regions is probably as much financial as anything else. Many of us are advocates of the point of view that if one set down to design a municipal form of government in Ontario, it would look very much like what is on the board these days and that some kind of regionalization or annexation is a logical, rational way to pursue it.

The problem is not so much in the design although in my own area, as an example, I do not think you could find a single soul in all of Durham or nearby who thought that if you were going to redesign municipal government, it ought to look like the region of Durham as it now stands. None the less, while the concept is a supportable one, the problems still fester around finances and responsibility and about the population at large trying to understand, "What kind of government is running my life these days?" Those problems continue. There continue to be the problems I mentioned earlier of the shift of responsibility to provide a service without an equivalent amount of dollars flowing in that same direction.

More than that initially is the ongoing expectation that here is another level of government between the city of Oshawa, in my case, and the province. It seems not too certain of its financial future. It does not have a chunk of the income tax, for example. It depends on the province for its funding, by and large. In my area and, I suspect, in many others a lot of the violent objection to regionalization now is dispensed with; people are into secondary considerations. How does one pay for the thing? Who does one

talk to when one has a problem? Who has responsibility for it?

Going back to some comments I made earlier, I think we are going to see a number of regional governments in Ontario, by law, having the responsibility to administer certain programs, such as social services, for which they do not have the financial capability. Perhaps in normal times they would, but in times when people are going from regular employment to unemployment insurance to social assistance in such massive numbers, those regions are having some difficulty in responding.

I would think the minister would like the opportunity—I imagine he would—to respond to that problem at some time during the course of the estimates.

3:20 p.m.

We have just gone through a set of municipal elections. I want to talk a little about that whole thing called municipal elections. I touched on it briefly, and I want to pick up a couple of points, such as enumeration, which oddly enough is done by another ministry.

The odd thing is that in municipal elections some people are entitled to more than one vote. There is a funny combination at work of property requirements—where one owns something—and citizenship requirements, and the two do not quite fit on an across-the-board basis.

For example, after the elections some people who own property can occupy certain boards and commissions and, in other areas, they cannot. There are local bylaws saying in some places that one has to be a Canadian citizen and in other places that one does not have to be, and there are variations of that.

One thing that must have been horrendous or somebody to try to sort out was exactly who is a British subject—I guess that is the old-fashioned term—these days. I read with great interest the definition of a British subject that was put out by the ministry. I have to admit that, even though I have two university degrees, there were places on that list I had never heard of. I suspect it is because they have changed their names in the past couple of years.

Hon. Mr. Bennett: That you recognize.

Mr. Breaugh: Yes. It has been 18 months or so since I came out of college. I probably just have not had a chance to get a tour of those spots.

There are a couple of other things I want to bring up under the heading of enumeration. There was a fair amount of discussion, initially, around francophones—

Mr. Epp: Let me interject for a minute. That release that went out was so funny, because it said, "Here are 47 countries but if you happen to think of some other countries from which British subjects might come, just tell us and we will add them to it. We will add other names: the United States, Mexico, whatever."

Mr. Breaugh: The British Empire has changed substantially since our original concepts.

Mr. McLean: That is just since we were in England.

Mr. Breaugh: Yes, I am sure we will have to go back again to update our information. Anyway, that was one problem and it is almost at a point where the ministry ought to sit down and sort that one out.

Let me lay out some of the arguments. How is it reasonable that someone who came from a country considered to be part of the British Empire—by the latest definition of what the British Empire is; an amazing piece of business, I give you that—ought to have the right to vote in a municipal election, while someone who is not a Canadian citizen and came from a country not defined as being part of the empire these days does not have the right to vote? That is a little tough for me to understand. I must admit it is tough to explain. It is difficult to explain for the simple reason there is no logical explanation of it.

I encourage the minister to give some thought over the next three-year period, before we have another enumeration and another municipal election, to the proposal by the member for Kitchener (Mr. Breithaupt) about that matter. The logical thing would be to say, for municipal purposes, the electorate is those people who either own property or pay rent, and in that indirect way pay taxes; and forget about the remainder of the definition, because that is extremely difficult to establish and causes some difficulty in the population. I would transfer that to the point where, if a council were making appointments to boards, agencies, commissions or whatever, the same ground rules apply.

I picked up in the papers a couple of interesting comments which I really have not seen much expansion upon. The minister himself was quoted, I think in the *London Free Press*, as saying he was leaning towards expanding the idea that if someone owned a business, he could vote with the business and with his home. He was quoted as saying he was leaning towards expanding the concept so that if someone ran a business—Fotomat is a poor choice these days—

which had several small shops in a community in several different wards, he would get a vote for each one. He was leaning towards that multiple vote thing.

I would have to fall on the side that, for municipal purposes, it is the paying of property tax that is the criterion. I would be prepared to give him one for the business and one for the residence but, if one gets anywhere past that, one gets into an area where it is a little hard to defend. I know the minister did not make a definitive statement. It was kind of speculation in the hallway somewhere as he was walking off to another meeting. But I really think he should not do that.

The final thing I want to talk about under pre-election stuff is the whole matter of enumeration. It has been tried on for size on several occasions now that we ought to have some kind of fixed list of voters. I do not know whether that is a practical piece of business—in the long run, it probably would be—but I know this much: Every time anybody tries to do an enumeration of the population to see who is allowed to vote and who is not allowed to vote, it always seems to me the most ridiculous screw-ups occur.

Because I have sat in on the meetings, I know everybody has the best intentions in the world, everybody is trying to do the right thing, but you always seem to wind up with a pickup truck on the voters' list—at least we do in my area, because we have a lot of pickup trucks.

In that style of enumeration, it seems to me, however faithful the troops are, on a snowy day or a rainy day they are going to stand in the lobby of an apartment and write down whoever is listed as having an apartment in that building. That tendency is there. I would be very interested in listening to proposals by the ministry for changing that enumeration system before you even get into the electoral process and the problems of deciding who has the right to vote.

There are a couple of other things I want to mention as we go through this. The minister in his opening remarks talked a little bit about the campaign itself and why people would vote. Earlier in my remarks, I lauded the ministry slightly for trying to make people aware that municipal government is important: it spends a lot of money, it does a lot of things and it is important.

This time, I guess because I am the critic, I paid more attention to columnists around Ontario who were examining municipal elections, the nature of the beast, whether people would go to vote and whether there were any issues. Among

most of the columnists there seemed to be a ready consensus that nothing much was happening out there. There were a lot of folks running for public office but there were no issues.

In many areas people were almost defied to make a sensible choice, because they were looking at a ballot that had 25, 30 or 40 names on it. Their chances of knowing who those people were and what they stood for were next to nothing. So there enters into the question the whole matter of who lays out the issues and whether there should be party politics at the municipal level.

I find that interesting because when you pose the question, should there be—

Hon. Mr. Bennett: Michael Cassidy wrote a book on that.

Mr. Breaugh: Yes, he did. When you pose the interesting question as to whether there should be party politics at the municipal level, obviously you are approaching it from the point of view that right now there are not party politics at the municipal level.

I found it really interesting this trip around, because I had time not only to review press releases and things like that but actually to visit a number of municipalities as well. I did not find one where people did not at some point say that political affiliation entered the picture.

In my area, right now, there is a post-municipal-election election for chairman of the regional municipality of Durham.

Hon. Mr. Bennett: When is that?

Mr. Breaugh: Next month.

Even a newspaper as conservative as the Oshawa Times now is admitting that perhaps when it comes to choosing a regional chairman, the political affiliation of those running enters the picture. They wave a few caveats over the front end of that system, but they are admitting it.

In many parts of Ontario, my party for one took a little hosing because people said: "Wait a minute. The New Democratic Party is endorsing and nominating. In some cases people are admitting they are New Democrats and are running for public office." That is suicidal in different parts of the province. In other places it is not suicidal, but it may not be too popular.

I think the time has come for all the political parties in Ontario to put it on the table, so to speak. To my knowledge, all the parties of any substantial size in Ontario are participants in municipal politics. We should all admit that. We do it in different ways. We all do little campaign

manuals about how to run a campaign, to teach our people who are interested in it how to do that. We all run schools of some kind, somewhere. Some of us do it in golf clubs and curling clubs, and some of us do it in union halls. But we are teaching our people, as best we can, about how politics works.

Some of us work along lines of an official acknowledgement of that. I notice even the Liberal Party, which took us to task somewhat, talked in some parts of the province about nominating candidates in Toronto—and if you shake your head much more, you are going to have to wait until I find a clipping about that.

Mr. Epp: We do not have a manual either.

Mr. Breagh: I am sorry you are disorganized. I cannot work two parties. One is all I do at any one time.

Hon. Mr. Bennett: Are you referring to disorganization provincially or municipally?

Mr. Breagh: That is a judgement call. I will leave that one up to you.

Hon. Mr. Bennett: That is what I am suggesting.
8:30 p.m.

Mr. Breagh: I think there needs to be acknowledgement of it. For example, when I talk to people around Ontario it seems reasonable to me that someone who is interested in the political process, interested enough to run for public office, is pretty likely to belong to one of the three major political parties. It seems reasonable that you would want that piece of information, just as you would want to know whether that person is a businessman or a labourer who belongs to a union. That is just one little piece of information that you would like to have to give you some guidance about the kind of person who is running.

That is not a bad thing for people to do and I am pleased to see that in most parts of Ontario they are coming to that conclusion. People do not always have to run as candidates for political parties. I believe that in about 95 per cent of Ontario, the political parties do not run candidates. It is a lie to say that they do.

Hon. Mr. Bennett: Do not what?

Mr. Breagh: They do not run candidates. The parties do not raise money. The parties do not put organizations on the street. The parties do not print signs, material or whatever. I say that in spite of the fact that I have seen the minister appearing in election brochures for candidates, cutting ribbons, digging holes in the ground and things like that.

Hon. Mr. Bennett: I do not even get a royalty for those pictures.

Mr. Breagh: You do not deserve a royalty.

Hon. Mr. Bennett: One or two of your candidates used my picture; I was fearful of being ousted.

Mr. Breagh: Although this is not exactly part of the minister's responsibilities, except to talk about in terms of things like donations, luncheon expenses and things of that nature, I think there is a need for all of us to rethink that process. I am an advocate of the idea that we will be in different forms in different places. It is never going to be at the municipal level what it is at the provincial and federal levels. That just will not work. It does not fit no matter how you might try to squeeze it around; it is not appropriate for that kind of thing.

At the municipal level there are people who will be running as New Democrats or Liberals or Conservatives. I think it is only fair, decent, upfront and honest to identify yourself as one of those. But we are not going to have the kind of caucus discipline that is here at Queen's Park, for example. In many ways the municipal level has an advantage on us there, because here at Queen's Park, sometimes caucus discipline works to our disadvantage.

You could go through the clippings that I have here and list all of the people who are angry because they were put on someone's endorsed list. You can find almost an equal number of people who are angry because they were left off the local labour council or the NDP or whatever list was there.

I imagine, though it does not often make its way into the media, that you would find as many Conservatives in Ontario who are angry that they were not given the stamp of approval at the secret meeting that was held at the golf club last week. In some parts of the province, such as Windsor, you would find some Liberals who are pretty unhappy that they did not get endorsed in a quasi-official way.

Windsor is one of the interesting areas of Ontario. I enjoyed it because it is a refreshing change. In Windsor, the battle is between New Democrats who are running for municipal office and Liberals who are running for municipal office. The Conservatives, I guess, are gathering at some posh bar to lick their wounds. In the remainder of the province, that is usually not the case. It is kind of a pleasant little example there.

Hon. Mr. Bennett: The only positive thing is that we got Ed Stewart from Windsor.

Mr. Breaugh: An area that elects Eugene Whelan to anything, I think is unique.

Hon. Mr. Bennett: Then you put MacGuigan in with him and you really have something going.

Mr. Breaugh: There are not many people in this country who wear green cowboy hats. I have to give him that much.

In a number of other areas there were people other than the identified political parties who were participants in this kind of process—

Mr. Epp: This is the shortest eight minutes I have ever heard.

The Vice-Chairman: I was just ready to interject, Mr. Breaugh. I think you suggested eight minutes—

Mr. Breaugh: I was using Ward Cornell's version of eight minutes.

Interjections.

Mr. Breaugh: Let me leave that one. I have about three other issues here.

I wanted to pick some issues where I thought municipalities were having trouble.

Mr. Epp: Well, that will take you another hour.

Mr. Breaugh: It can; and if you bait me much more, it will.

I wanted to point out a couple of areas where I thought municipalities were in difficulty, and, for different reasons, point out to the minister that a municipality is put into a difficult position.

Interjection: There are none so small as Tiny township.

Mr. Breaugh: No, I have noticed as a matter of fact that the reeve of Tiny township got mugged in the Royal York and they had the audacity to bill him for the damages to the room after he got mugged. I thought it was just outrageous.

Hon. Mr. Bennett: What was the name?

Mr. Breaugh: I wasn't there, so I can't tell you.

Interjection : His name is Morris Darby.

Hon. Mr. Bennett: I know Morris.

Mr. Breaugh: One can see that the Liberal Party has a lot of problems in Ontario.

What I have been following is the attempt by various municipalities to deal with the problem of prostitution. If one looks at this ironic piece of business of a municipal government dealing with a matter as controversial and difficult to

handle as prostitution, one begins to understand some of the very real problems of a municipal government attempting to enforce laws over which it really has no say. They have very little say in determining a legal definition of prostitution or the legal definitions of what a police officer may or may not do, but they are faced with the problem of trying to enforce that.

Police officers in municipal departments and regional police forces around Ontario are finding this to be an increasingly difficult problem. It is compounded by the fact that there are now many municipalities where residents themselves are speaking out. For example, here in Toronto and in Niagara Falls there have been continuing newspaper articles around the matter of the residents quite frankly saying: "We have a problem with prostitutes on our streets; our kids are not safe any more. They are changing our neighbourhoods." They are not sending a petition to the federal government, but they are going to their local council and saying: "We want you people to do something about it. We want our police force to establish what the Supreme Court of Canada has not been able to do."

I want to point out to the minister that this often puts the municipalities in a difficult position, because I have been in council chambers when people walked in and said, "Here is the problem, it is bothering me on my street in my community." It is no defence whatsoever to have people on that council say: "This is not our jurisdiction folks. Go and see Queen's Park, or Ottawa, or go and see the Supreme Court of Canada."

The problem exists for the municipalities and the difficulty of course is that there is very little in the way of a direct connection. There are indirect connections, for example, in the ability of the police associations or the chiefs of police and their association to address themselves at national conferences to problems like this.

There is, I suppose, some ability for an association like the Association of Municipalities of Ontario to address itself on a general basis to the provincial responsibilities for difficulties along these lines, but the problem remains on the street where the difficulty occurs. In the local municipal council they are faced with the problem, which they by themselves cannot resolve.

At the very least I would like to see some lines of communication open up, some lines to be able to say more to a citizen's group, which has confronted council with a very serious problem,

than that in council's eyes it is not its jurisdiction, it belongs to somebody else.

I want to shift to a couple of other problems and then I will end on much the same line.

One is around the matter of group homes. We know, for example, that in almost every municipality in Ontario, there is a group home of some kind. Sometimes in small communities the group home is run by some local person and he or she relies on personal relationships with that community to do whatever it is that is done. Whether that has to do with retarded children, or people with a disability or criminals they are trying to rehabilitate or whatever, the concept of a group home situation is one which, at least in my experience, has proved to be a valuable one. I have never seen a badly run group home. I am sure there are some out there, but I just have not seen them.

The difficulty remains that the establishment of group homes in different municipalities falls under a vastly different set of rules. To put a bit of squareness on both sides of the issue, I am not much of an advocate for the defence of a group that wants to run a group home, that comes in the middle of a night, buys a house in a residential neighbourhood and sets up a group home. I am not prepared to defend them any more than I would somebody who wanted to set up a bordello in a residential neighbourhood or a business of any kind.

We have set out processes under zoning bylaws and planning bylaws. I think it is reasonable to follow them. In my own municipality I have had a couple of problems with group homes. On each occasion I have talked to the people who were proposing some kind of a group home. We have a large number of them in my municipality, and they have run into problems on a couple of occasions.

8:40 p.m.

I said to them: "Listen, if you want to be a good person and run a group home that helps somebody else and you want to go into a residential neighbourhood, your first obligation is to go along the street in that neighbourhood and explain to people what you are trying to do.

"If you cannot get out and knock on doors, if you do not care enough about what you are going to do in that part of the work, if you are not prepared to go from door to door in that neighbourhood and explain to people who live in the houses in that neighbourhood what you are trying to do, what kind of staff you will have and what kind of programs you will have, you really should not be in the group home business.

You should not be advocating those things, because you do not have much of an understanding, and your group home project, no matter how great it is, does not have a hell of a lot of chance of succeeding, unless the people in that community understand it."

In my mind, that is the basis of establishing a group home. It is not that it is a residence in the middle of another group of people who do not care about you and who do not want to interact with you. The purpose of a group home is to provide an intermediary stage between institutional care for whatever purposes and being on your own. It is transitional in nature. The purpose of buying a house in a residential neighbourhood is to make it transitional, so your success depends on whether that community will accept you.

A number of suggestions have been made about group homes such as, "Why don't we just have a zoning bylaw?" I do not believe that is the answer. This is not a zoning matter particularly. It is a matter of human beings. I would like to see, not great legislative changes, but the ministry addressing itself to a number of very good groups, many of whose group homes I have been in to look at.

They run good group homes. What they know screw-all about, quite frankly, is how to talk to people in a community, how to convince them that what they are trying to do is worth while and will work, and just to be up front and honest with them. I read in newspaper accounts lately of some of the experiences here in Toronto where groups who are running homes of that nature are now sending out memos to one another that they should not tell anybody until after they have completed the sale of the property. I think that is wrong. I would like to see the ministry take a couple of shots at that.

A couple of other quick items at the end of these long opening remarks: There is in the municipal field sometimes a tendency to feel you are not a part of vibrant issues. I know; I was there. It is a little difficult to get excited about building new sewers, a little tough to get worked up over potholes. So it seems that at each municipal election there come a few issues that have a little spice to them. I notice that municipal councils grab on to them.

Of the two current ones, one is arcades, video games. I noticed last year there was a rash of councils around Ontario who decided this was sin in its rawest form. This would take the children of anyone's community and tear them

right down; it would split families down the middle; it would bring decadence.

I just want to report to the minister that video games have arrived on King Street East in Oshawa. They are in my Mac's Milk store. I have not detected a great moral degradation of the community in my area of the city. We seem to be holding on quite well.

I suspect there are kids having a few smokes behind the billboards somewhere. That is not new. I would admit to doing that some years ago myself. We used to go behind the scoreboard at the Gibbard ball park in Napanee and, in about 45 minutes, we would smoke about a pack of Export A apiece. We would then be quite desperately sick and would decide we would never smoke again, which resolution we obviously broke.

I read all the resolutions coming from municipalities and municipal organizations, and I believe there are a lot of people out there who seriously believe that these video games are inherently evil. I am waiting for all the proof that will convince me of that.

I have walked by them in places as different as Yonge Street in Toronto and Bond Street in Oshawa, and I do not see any difference between them and Paul Killoran's pool hall. I think there are young people in there who probably should not be there, but if it was not video games, it would be a pool hall; if it was not a pool hall, it would be something else they would find to occupy their time. I wish people would do something more constructive than trying to ban video games.

I would be happier if they would try to do something constructive with the young people. I would be happier if they would spend a little bit of time, money and city staff to try to examine why there are so many people who dissipate their lives and spend their quarters on video games. I have to admit I do not understand Pac-Man at all. I understand pea pool and serious things of that nature, but I do not understand why one would spend actual honest-to-gosh money on playing a video game. So I do not understand that at all.

The other point I would just touch on briefly is that a lot of councils seem to have decided they are going to outlaw, I guess the technical term is strip joints, by means of a zoning bylaw or something of that nature. I have a little difficulty with that issue as well. Despite the fact that I am not much an advocate of strip joints any more—

Interjections.

Mr. Breagh: I have to admit when I was 17 years old I thought a strip joint was just the ultimate form of sin. I think that lasted right up until I got into the first one.

The municipalities are flirting with a number of issues. They do not seem to be very successful at coming to grips with them. For example, the strip joint issue is very interesting in that, if you follow its development around Metropolitan Toronto, the trend is that it escalates just before elections. The municipalities have a tendency to do everything they can do under the sun.

In my own municipality, we had a place—I will not mention its name because we do not need the publicity just now—that started up as a restaurant about three years ago in a small plaza. Everyone in the neighbourhood thought the plaza was okay. We had hearings on that and it was designated as an area that could have some commercial space in it. A very nice little restaurant opened up in there. It was new and attractive. For about three years it attracted a fairly lively, young clientele. Nobody in the neighbourhood complained at all.

About five or six weeks ago it changed its entertainment policy—I have not been in there, so this is secondhand knowledge. It used to have a kind of young "swingles" bar, where young people went to meet. I am a little over the young-people mark these days so I do not bother going there.

From the exterior, as I drive home from council meetings and things like that, I see no difference in what is happening in that bar at all. The parking lot always was full and is now full. It caused a furore in the neighbourhood, in that it is not appropriate to have a place with strippers across the road from a church, a school and a shopping centre. That is despite the fact that, in my community, there have always been churches across the road from bars, restaurants and taverns where there were strippers and all kinds of things.

The archbishop of our area happens to live in a residence which backs on to one of the oldest strip establishments in our area. There has never been a problem. No one saw it as a problem ever before. There was a bar with certain kinds of entertainment, and on the other side of the fence there was a Catholic elementary school, a Catholic secondary school, a church and the bishop's residence. There has never been a conflict between those two uses. I guess because they work at different times in different ways.

A lot of problems seem to have been gener-

ed lately that the municipalities cannot do much about, no matter what they do, and the sample I chose from my own municipality is interesting.

I will just finish with a little conversation I had with a shopkeeper who is next door. Basically, she was saying she did not like having that kind of bar next door to her. I asked her how we were going to resolve this. Should we pass a zoning law retroactively, putting that restaurant out of business? It is not breaking any law we could find, and certainly it has been inspected regularly. She said she would not like that, because people might decide they did not like her business and might pass a bylaw retroactively. We could not do that.

She was really saying she did not like the entertainment in there, despite the fact she had never been in there, any more than I have. It comes to the point that if you reach any kind of consensus, it is that you cannot do anything about it. There is no way a municipality can ban any kind of entertainment. If it is illegal, there are provisions in the Criminal Code to ban it or attempt to ban it. If some other law is being broken, such as a local board of health law, there are ways you can measure that and ban it. If it is in violation of the Liquor Licence Act of Ontario something can be done about that, but there is a great deal of difficulty when it gets right down to it, in just saying you do not like that kind of business that is next door to you, or to me or in your neighbourhood. That is where it becomes very difficult.

The only reason I raise it is that the problem is very likely to persist. I know the ministry will get a fair amount of pressure on that one and on video games and on a number of other things where expressions of opinion are involved. It is not that somebody is clearly breaking a law or doing something you can take him to court for; it is just something you do not like. Perhaps it could be useful at some point to have the ministry do that.

50 p.m.

Just in closing I want to do something at some length to establish the complexities that the ministry faces. It is a difficult job, one that in many ways we do well and that in many ways we do not do well at all.

The problems, as I would restate them just in summary, are at this point essentially financial. I think the biggest single crunch that municipalities face, that the ministry faces, is one that comes out of the fact that a structure for municipal government in this province was set

up in the late 1960s and on through the 1970s in very different economic times.

They now have many legal requirements to carry on those programs and certainly an expectation among the public that they ought to carry on those programs. That is going to be extremely difficult for them to do. That is the minister's problem at this moment, and I am anxious to hear some kind of response; although I am quite happy, as I said initially, to be satisfied that as a critic I want a chance on first vote to cover the waterfront, and subsequently I will tone down my act and let other people raise their problems.

I have a few more things I would like to put in, but they will not take up a great deal of time. I appreciate the chance to put forward these few comments at this time.

Hon. Mr. Bennett: Mr. Chairman, I guess I should try to respond to a few of the comments by the member for Oshawa. I am going to start by talking about some of the problems in the Oshawa area and the province related to some of the units we had repossessed—not only we, but Canada Mortgage and Housing Corp.

I cannot report for CMHC and what their position is at the moment, the number of units they own in Ontario, those they have in rental and those they have up for potential sale. We had as many as 4,000 units in our inventory at one time. Today we are rather fortunate. We are down to 399. Of those, 52 have offers being negotiated on them; they have not closed yet. This leaves us with 347.

It is a rather interesting breakdown. In the member's own community of Oshawa we have 143 units: 71 are for rent, and the other 72, which is just about 50 per cent, are up for sale for between \$37,400 and \$41,000. If we look at other communities such as Brampton, we have 61 units; in Mississauga we have eight units; in Hamilton we have 55; in Windsor, 51; and so on. So the biggest one we have, and which came as a result of that, was what?—McLaughlin centre?

Mr. Breaugh: McLaughlin Square.

Hon. Mr. Bennett: But overall it seems to be working itself out over a period of time.

I do not think CMHC is quite as fortunate as we are in that respect. Under the assisted home ownership program and some of the other things they certainly got themselves into a devastating position. I would hope the federal and provincial governments would learn about housing programs and not be as generous as they were under that particular scheme, regard-

less of how tough times become. I think we only cause further and further problems.

You talked about municipalities and the property tax arrears. We are aware of the fact that there are some communities with arrears, but the number we have had come to us so far about their inability to collect the arrears has been very small.

Generally speaking, the municipalities have a collection rate of about 95 per cent of accounts. There is a slippage, and it is not all because people do not pay. Certain things happen when buildings are destroyed and so on. The taxes for one reason or another never get deleted from the tax record, and then there has to be a process gone through to accomplish that.

But we are keeping a rather close eye on the municipalities, in particular, on some that in the past have had some difficulties, to make sure that if they do start running into the problem, we are aware of it as early as possible in that situation.

I would not want to suggest to the members tonight that there are no municipalities in this province that do not have some financial difficulties. We have had municipalities that ran into some difficulties during very healthy economic times. We are keeping a relatively close eye on them. My field workers and so on continue to examine and follow them. But you will know, as I know, sometimes municipalities are a little smarter than the fellow checking them in the field, and he may not get to understand all the things that go on until all of a sudden the auditor's report or the crisis hits and cheques start not to be honoured.

You touched on the fact that municipalities are being given more and more responsibility without the transfer of funding. I really would say to the members that municipalities have asked, and you are correct, to be given more responsibilities in directing, or in the affairs of, their communities. If you look at most of them, they have not all increased the financial responsibilities of the municipalities.

I looked at planning. Most have had some very significant and sophisticated planning operations. What they are really looking for is a further degree of their rights to approve certain things rather than have the minister do it. The cost incurred generally speaking is relatively small, if any. It is just a matter of one more step for either their planning committee or their council.

I said at the time we were dealing with the financing of municipalities that we fully recog-

nize there are areas where the municipality, even though it has the responsibility of raising the funding, does not have full control of that expenditure.

You got on to the very sensitive one, as did the member for Waterloo North (Mr. Epp). Earlier, about the police commissions. I am sure most of you have read the news of what went on down in the Niagara area this past year where fights or differences of opinion came about. Of course, they wanted to go to the Ontario Police Commission to resolve the problem.

I have some real sympathy for the municipalities. I mean that sincerely. The police walk in and say: "This is what it is going to take to run it. If you do not like it, we will go to the minister or the Attorney General and get an order to force you to do what we want."

I must say, though, that if I sit and talk to municipal councillors, I ask them a question, "Would you do it any differently if you were on the police commission?" Generally speaking, the answer comes back, "I do not think my concern for the safety and welfare of my community would be much different from that of those people"—three, four or five; whatever the case happens to be—"who serve on that commission because they are taxpayers, have families and have an understanding of security."

I guess it is a feeling that it is beyond one's real in-depth review of the requirements of the police commission or authority in one's area. I am not sure what the answer to it is. I mean that positively. If one looks over this province where police operations are controlled by the municipal council, and if one looks at those that get themselves into some difficulties, one usually finds that is the one that is in the problem. I cannot tell you why.

One looks at those down in certain parts of the province where we have had an ongoing dispute. I think the system of more municipal government representation on a police commission is a valid request. I repeat again today, I am not suggesting that the majority of members should be the members of council.

It always intrigues me when I listen to people complain about the police department and how much money it takes. I recall my days on municipal council when the fire chief would come in. We had full control. We would try to cut his estimates or his requirements for a new truck.

He would say very nicely: "That is fine. But I tell you what, if the truck breaks down and we go into a fire next time and somebody dies, do

not blame it on me. I have told you what the requirements of this community are. It is your responsibility. Fine, you cut it out. Just remember, I have asked for it and it is what I think is the safety factor required."

There were several chiefs while I was in Ottawa. One in particular was Phil Larkin. I can tell you, to the best of my knowledge the only thing they ever cut out of Phil's budget was a new refrigerator for one of the fire stations. Whatever he wanted in the way of ladder trucks, hose trucks or standard firefighting equipment, generally he got. He was a French Irishman and he was very persuasive. We are into that problem.

9 p.m.

I have come back to what I said earlier, in talking to the Association of Municipalities of Ontario and to the municipalities, that I was not trying to fight them. I was trying to give a realistic picture of where we are today in municipal transfer payments. We just cannot expect the government, with the reduced revenue factors we have and some of the other problems, to continue to look at 10 or 12 per cent increases in grants.

I also said before, and I repeat it, that since I have been the minister I have said clearly to municipalities that I would fight for their best interests and try to get what I thought was a reasonable allocation of funding in relationship to the other ministries concerned with municipalities, be it Education, Transportation and Communications and so on. I will continue to do that.

I did say at the time that I thought there were some discretionary things that could be cut out. You touched on some of them. Some of them have been encouraged as a result of Wintario grants. Municipalities will build swimming pools and recreation halls and arenas and just about anything else because someone else is paying a portion of the capital costs. Obviously the least expensive item is the capital. For the next 25 years, in an arena, it will take a hell of a lot more to keep it in operation than it took to build it.

I think at times, for political reasons, particularly in the year preceding a municipal election, it is great to put all these things above ground: arenas, swimming pools. Even though it might be in ground it is visible, it is above ground. It is unlike sewers and water, Robert; those are the things you do in the first year, and now it is in the first and second year of your municipal term. The other visible things you will put in place in the last year of your municipal term.

Mr. Nixon: That is why you are such a success, is it?

Hon. Mr. Bennett: I thought it was just taking a page out of the Liberal book in Ottawa itself. I thought they did that before federal elections. Let me tell you, they have got them all down to memory now. That is their problem, they do not want the rest of us to find out what they are doing any more.

Mr. Nixon: They have done rather well.

Hon. Mr. Bennett: I think your former leader would even say that today.

Interjection: Which one?

Hon. Mr. Bennett: I was referring more to the provincial scene than to the federal. On the federal scene most of them seem to have passed on to their rewards.

Interjections.

Hon. Mr. Bennett: I understood your Senate appointment was coming shortly. I understood there were a couple of vacancies and they were looking for someone from the farm community to take over from Hazen.

Mr. Breaugh: How do you look in a green hat?

Hon. Mr. Bennett: We will have to find out whether he could carry on a conversation with Eugene on the way home each weekend.

I did say at the time that there were the life and safety factors; that fire, police and welfare were some costs where municipalities are not going going to have an easy time of it. That is why I said in my opening remarks, and repeat, that we have talked to some of these municipalities and said we would do a very close scrutiny of their situation over the period of a year. I have indicated to the Treasurer (Mr. F. S. Miller) there is going to have to be—you used the terminology the other day—some juice money around to look after some of these situations.

Mr. Nixon: Only in Oshawa.

Hon. Mr. Bennett: That was his verbiage. I was just playing it back to him so that he would know what I meant. In Liberal terms it would be a slush fund.

Mr. Epp: What do they call it in Tory terms?

Hon. Mr. Bennett: It is better known as vote gathering.

Let me go on to a number of things the member spoke of relating to costs of running municipalities and services. There is no doubt about it, municipalities continue to try to upgrade and improve their services, and rightly so. But if

they are going to do it, I do not think they can always do it and look to the other fellow to pay the freight. If you are going to do it, I think you must do it within the capacity of your own financing in that community, regardless of whether it be Ottawa or Oshawa or Brantford.

There are certain provincial programs in which we will assist, but you must remember that while some expenditures will go up the next year—and I come back to the sales tax situation you spoke of with the Treasurer's budget back in the early part of this year, where sales tax is now going to be added to municipal purchases—we can sit and argue, I suppose, about whether it is right or wrong, whether the provincial government should be paying federal taxes, whether the federal government should be paying provincial taxes or whether the municipalities should be paying federal or provincial taxes. We could go on forever and a day, because it is not far from taking money from the left to the right pocket or the back pocket or wherever it happens to come from and go to.

The fact remains that even though some difficulties have been imposed with this tax—and I do not think the Treasurer denied that, nor would I—the fact is that it goes into their whole expenditure program, which then comes back in the following year for grant purposes. Their expenditures, taking the six per cent factor on the levies and an additional 18 per cent in the northern part of the province, are all taken into the expenditure, and the calculation comes out that, sure, they pay a portion of it, but we also grant back money based on that expenditure.

You talked about a number of issues, but let us go to the one about nominations and how we get people to run, how we validate them. One of the issues that has come up, as you know, has been the issue of what a fringe candidate is. There were a few interesting ones in this province in the last municipal election. I would not want to be the one to classify what position they stood in, but obviously when some people are running as Superman, somebody else is running as ET and somebody else is running to build a landing pad for outer space vehicles to come and land so they can do their purchasing in that community—

Mr. Nixon: Somebody has to do it.

Interjections.

Hon. Mr. Bennett: I do admit there is difficulty, and I am prepared to look in the Municipal Elections Act to see whether requiring only 10

names for nomination is reasonable. I think when you get into a city like Toronto, Ottawa or various other places, it is very simple to go and find 10 people who could not care less. "If you want to run, I will be glad to sign your papers." I suppose some people say, "Well, that's democracy." I think there should be a greater sign of sincere ability to get nominated than just 10 names.

I will say very clearly that I have not given any consideration even to suggesting to my colleagues that we change the act to incorporate a financial deposit. It is not required at the provincial level, and I am not convinced that it should be applicable at the municipal level.

Mr. Nixon: How about requiring Canadian citizenship?

Hon. Mr. Bennett: We are coming to that. I think that was a question that was raised, and I may deal with it right now. Indeed, as the member for Oshawa said, there are some rather strange situations that prevail within the legislation as to who is eligible to be a candidate and to be elected to what and who is eligible to vote. I said at the time that I was prepared to have our people do a complete assessment relating not only to the municipal council but also to the school boards and appointments.

Just this morning I was dealing with the Ottawa Civic Hospital charter of 1909. They are now getting the charter changed for the same reason, because the charter says you cannot be a trustee on that board unless you are a property owner or unless you live in the city of Ottawa, and the hospital has served a much greater area. They are faced with the same thing. They are going to have to have the charter rewritten to accommodate today's situation. I think it is a clear indication that this might be our act from this point of view and from the point of view of who qualifies to be a voter.

One area you did point out, which I made some comments on, related to the fact that if I live in ward 1 I get a vote for the mayor and the school trustees and, if there is a board of control, for board of control and for my aldermanic people. If my office is in ward 7, the fact is that I am paying taxes in ward 7 and I should at least have the right to vote for the alderman in ward 7, because he or she is the person I am going to give hell to if something is not done, whether it be potholes or whatever other problem I might be confronted with.

I realize that we took it out of the act some years ago to reduce some of the difficulties that were experienced in the area you talked about:

poll clerks, returning officers and enumerations, which seemed to get the whole thing all confused. I said I was prepared to, and we are going to be talking to the Association of Municipalities of Ontario and to municipal clerks across the province, to get some advice and suggestions as to whether this is the direction we should be moving in.

9:10 p.m.

You know the problems we get into, the arguments that ensue in the downtown wards here in Toronto as to who is eligible to vote. Each person who tried to interpret the act has his or her opinion as to how it should be applied. So we are watching it. As I say, a number of amendments will have to be made to the Municipal Elections Act.

Coming to the issue of how one should run it at municipal election time, I suppose it is an argument or discussion that could go on today, tomorrow and who knows how many more days, whether there should be party politics in the municipal campaigns. I could be convinced there should be parties at municipal elections, but not directly related to a provincial party.

When I ran for municipal council in Ottawa, it was a clearly known fact, the member for Brant-Oxford-Norfolk (Mr. Nixon) will tell you, what my political leanings were. That did not mean I had to follow my political party provincially or federally. Because it happened to think that certain things were right did not mean I should have to do them in municipal council. That was one thing I always cherished as a member of council, as an alderman, as a controller or as the acting mayor. The decision was mine, and was not dictated to me by a party or caucus position where one should not break ranks.

I do not think I would want to give that up if I went back to municipal politics. I thought it was a great position to be in, because I represented a ward, I represented people of all political stripes and some with no political stripes. They had no hesitation in coming to me with their problems, even if I did not meet with what was then enunciated as a provincial position, which some might have thought I had to follow, but I did not.

I am sure Mr. Nixon will recall when I used to give Irwin Haskett public hell for the road conditions that prevailed in certain parts.

Mr. Nixon: You were after the job.

Hon. Mr. Bennett: No, at that time I was not. Anyway, getting back to the issue of the day, I suppose Mr. Epp would tell you there is no

doubt that some of us ran campaign schools for municipal candidates.

Mr. Epp: Us? Speak for yourself. Did you?

Hon. Mr. Bennett: Did I? No, not personally, but I know there were schools run in Ottawa. Let me assure you they were run through a bunch of groups known as Tories but we had as many Grits who would come, whom we thought were rather interesting characters.

Mr. Epp: I cannot understand why.

Hon. Mr. Bennett: We felt that after many years we had to match the NDP in some way, shape or form.

Mr. Breagh: You did not have nearly so much blood on the floor.

Hon. Mr. Bennett: The fact is we had to pay for the hall we got into. We could not get a union hall. They did not invite us in.

Mr. Breagh: I understand that too.

Interjection.

Hon. Mr. Bennett: We did not have it at the golf club. I do not know which golf club you are referring to that everybody seems to go to. I know there are a lot of people who like to visit the 19th hole.

Mr. Epp: That is the one.

Hon. Mr. Bennett: Oh, that is the one. I see.

Mr. Epp: Certainly based on the editorial in the Toronto Sun, it has been successful.

Hon. Mr. Bennett: Which one?

Mr. Epp: The campaign college you had for Liberals.

Hon. Mr. Bennett: We like to give you a break once in a while. It is always nice to know where your enemies are. You can keep track of them.

I see nothing wrong in campaign schools, regardless of who happens to run them, if it gives them a better base as to what the whole municipal system is all about. Indeed, if there is one thing that does frighten me at times, and I say this very cautiously, it is when I start speaking to some new councillors who hardly understand what they have got themselves into. I do not care what size of community we are talking about.

I would like to have had time to go down the day after the election and sit down with that young lad in Brockville who is 22 years of age and ask him if he knew what his job was. By the sound of the newspaper articles, I am sure he must have been absolutely floored by his responsibilities as chief magistrate of that community.

We in the ministry offer a course or seminar

for new members of council. It is not restricted to new members of council but is basically framed around people who are neophytes in the field of provincial life, to try to give them some background and appreciation of what the Municipal Act is about, the Planning Act and the various other acts in this province. I think it has worked out extremely well over the last couple of years, and we are in the process of doing it for the new group of people elected at the municipal level.

I say very sincerely, I think the campaign school idea and the recruitment—I do not agree that you should run around saying you are a Tory or an New Democrat or a Liberal. If you wish to, that is your business; obviously that is the freedom of the whole system. But I am not one who would suggest to my political party that I think we should run a slate of candidates at municipal election time.

Mr. Breagh: You forgot the Community Party. Do you remember, the York South Community Party came in?

Hon. Mr. Bennett: You have the Montreal situation too. You have the Civic Party. What is the other one?

Mr. Epp: Libertarian, Community, whatever.

Hon. Mr. Bennett: Rhinoceros.

Interjection: It is all the same party.

Mr. Breagh: No denials; I do not understand it.

Hon. Mr. Bennett: As I recall, you were getting into the rights of plebiscites at municipal election time and the position on the one that came about this year in several municipalities across the province, and the request to amend the Municipal Act to encompass the vote or the request for that vote.

I do not think there was any real difference between the position of the Attorney General (Mr. McMurtry) and that of the Ministry of Municipal Affairs and Housing. I think we both said very clearly that it was not a municipal issue to start with and did not have a place in the Municipal Act. We were not about to start amending the Municipal Act every time somebody came up with a different type of plebiscite that he might want to run at municipal elections.

As you know, there were a number run across this province, some of which I doubted would have much legal validity if you were to challenge them. The fact is the vote was taken in a number of communities. I do not know if any have been challenged up to the moment.

That is exactly what Mr. McMurtry said. The

communities will run them and the vote will be held. I doubt that anybody, that any judge—and I should not prejudge a judge—would invalidate the entire process of a municipal election based on a particular referendum, at least of the type we were speaking of. We took the attitude that we were not about to amend the Municipal Act nor to start trying to validate things that were not of a municipal nature, period.

Sure there are people in our political party who, if they were to break ranks, would tell you they would not agree with that position. I am sure if I looked around in other political organizations, I might find people who would agree with our position. That was the position I took on the advice of legal counsel. Remember, all legal counsel in the government really report through the Attorney General.

Mr. Epp: I notice we are in the province of Ontario—

Hon. Mr. Bennett: I hope we are.

Mr. Epp: —and the thought is about a municipal issue with respect to the referendum, but you are probably cognizant of the fact that a Supreme Court judge in British Columbia said that a nuclear referendum was a municipal issue. You are probably aware of that. I forget who the judge was; I am looking through my notes to find out his name. But there was a judge in BC who said that the nuclear referendum—as they call it, the nuke issue—was a municipal issue and so forth.

Hon. Mr. Bennett: Not knowing what the issue was before the judge, or why he ruled on it or what his ruling was, I could take you to be correct, Mr. Epp. But I can only suggest to you that the legal advice given to me was not that. I suppose if we travelled around the province we could take just about any issue and we could find two judges with differences of opinion and different rulings.

9:20 p.m.

Mr. Epp: So all we have to do is find the right judge.

Hon. Mr. Bennett: Most of them are appointments of your political party.

Mr. Breagh: What about all the provincial judges?

Mr. Epp: Yes. What about the provincial judges?

Hon. Mr. Bennett: I said “most of them.” You realize our fellows get the lower-paid jobs. That is what they are upset about.

Mr. Nixon: You dry-clean their gowns.

Hon. Mr. Bennett: You would not want any judge to go into the courtroom not looking trim and proper if he is representing justice, law and order and decency—

The Vice-Chairman: Moving right along.

Hon. Mr. Bennett: You touched on the municipal election ad campaign. It would appear to us that the campaign had a very significant impact on the five million potential voters.

I have to compliment the news media, both radio and television. In addition, a number of provincial members took the material and put it into their constituency offices as well as seeing that certain pamphlets were distributed to some of the candidates in their areas. The school boards also were helpful in putting the material throughout the school system. The municipal governments, even though some of them did not agree with the campaign for reasons best known to themselves, still used all the material openly and forcefully in their programs.

In the city of Toronto and in Metropolitan Toronto, we did not have a substantial increase. There was a minuscule increase. But the fact remains that Toronto and Metro thought sufficiently of the campaign that you will have noticed at the bus stops and various other places they used all the printed material and logos we had designed to try to promote the efforts of the municipal election. We think it was money—

Mr. Wildman: They had to get someone out to vote for Hummer.

Mr. Breaugh: I think they got three-party support.

Hon. Mr. Bennett: If you look in my community, for example, there was more than a 10 per cent increase in the vote. I cannot really attribute it to the mayor's race, because a lot of people thought the mayor's race was not going to draw people out.

Overall, the campaign did exactly what we wanted. It drew a lot of attention. It made people aware that municipal councils and school boards spend \$12 billion, of which better than 50 per cent comes from some source in the provincial funding program.

The campaign certainly reduced the number of acclamations. The member for Brant-Oxford-Norfolk can tell you that out in rural Ontario it is amazing how many times one goes on and on with a council that is one acclamation after another. All of a sudden, this year we had a tremendous upsurge of new candidates coming on to the scene. I thought it was a positive position.

Mr. Nixon: There is a lot of unemployment out that way.

Hon. Mr. Bennett: In Brantford? Let me come to the next—

Mr. Breaugh: One point I wanted to ask you about was this matter of reporting municipal elections. For some reason, and I do not know why, I had assumed the clerk's office in every municipality would have a specified period of time relatively shortly after the actual holding of a municipal election to report to your ministry the results of the election. It appears that is not the case; they do not have to.

For example, as one who is an interested observer of the municipal field, I was most anxious after election day to see what the results were around Ontario. For my source of information, it basically turns out I have to do what you have to do. In the short term, I have to find newspaper clippings from around Ontario and try to put that together. There is no official compilation, at least in a short period, of the results of a municipal election.

Hon. Mr. Bennett: That is correct.

Mr. Breaugh: It struck me as being rather odd that here is this whole election campaign under way across the province, and the reporting period is extremely lax.

Have you given any thought to the concept that you might try to tighten that up so it would be possible to have the clerks report the results of local elections to your ministry within a five-day or 10-day period? It would provide for recounts and things of that nature, but it would try to get that information together in a much shorter period than is now the case.

Hon. Mr. Bennett: I think you have to look at it this way. A municipal election is their responsibility as long as it is run in a legal way and no one challenges it under the Municipal Elections Act. It is their responsibility, and the report to us is a courtesy. We write the municipalities, and a great number do submit it to us.

Mr. Breaugh: But it is not compulsory.

Hon. Mr. Bennett: We have never made it compulsory, and I am not sure I want to get to the point of telling the municipalities, "You have got to report to me," because they can ask you a very stupid question, in one sense of the word "stupid": "What do you want it for?" I only want it so I know what has happened, not that it really is going to change the course of action of the government of Ontario.

Mr. Breaugh: The thing that struck me as

strange about it was that in passing a bylaw, for example, a municipality has an obligation to tell you that it passed a bylaw. It is open to an appeal by the Ontario Municipal Board; you may have to hold hearings on it subsequently.

Most other things have some kind of qualifications attached to them to say that once you do something in a municipality, while it is your business and it is within your jurisdiction and all of that, you have to notify somebody somewhere. Even I as an individual, if I lose my driver's licence, have to report that; if I get a new driver's licence, that information is collated centrally. Yet we go through a whole electoral process in which that kind of thing is not done.

Hon. Mr. Bennett: We do not even ask for nominations. Nominations are received by the clerk, and it is their responsibility; they run the election. The only thing we supply to them—and we can discuss this in a moment—is the voters' enumeration, which is sometimes somewhat—

Mr. Epp: May I comment on this directly, what you are responding to Mike's comment? I know you spent \$840,000 or thereabouts on that get-out-the-vote campaign. I find it somewhat ironic that you would spend that money in view of the fact that when the last provincial election was held, in the middle of winter during a time when you tried to avoid any kind of issues and you wanted to get very few people out, you did not really try to interest the public in that whole provincial campaign because you thought it was to your political advantage.

I do not disagree with that, but you really did not try to find any issues to make the public really get out and vote, and there was one of the smallest turnouts of voters in provincial history. Then in the midst of the municipal campaign you injected a York South by-election in there, and those of us who went out to work on behalf of our candidates found that there was a lot of confusion in the midst of that campaign.

Mr. Breough: We did not find that.

Interjections.

Mr. Epp: Irrespective of the result, and I congratulate Bob Rae for winning, the fact is that there was confusion, and if you are honest with yourself you will admit it. As a result, some of the voters who went out to vote did not know whether they were voting for a provincial candidate or a municipal candidate. I know when I did some canvassing on the day of the election and before that, some people asked, "Is this the

municipal campaign?" and I had to tell them, "No, it is the provincial by-election," etc.

You are sucking and blowing at the same time. You say you want people to come out and vote, and you spend \$840,000 for a municipal election, but then you confuse them by injecting a provincial by-election in that particular area. And when you had a chance to spend a lot of money to get people out to vote provincially, you tried to avoid it by having the election at a time when people would be discouraged from voting, in March when the weather is poor, rather than in May or June or something. As I say, you are sucking and blowing at the same time.

Mr. Riddell: It is known as the game of politics, which they play very well.

Hon. Mr. Bennett: I guess we have been good students.

Interjections.

The Vice-Chairman: Order.

Hon. Mr. Bennett: Just to answer the question of the member for Waterloo North, if I may, about—

Mr. Epp: Sucking and blowing at the same time.

Hon. Mr. Bennett: Well, you fellows seem to have control of that in a lot of cases. Do not blame us for it.

Mr. Epp: We were in committee, and all of a sudden we heard that the Premier (Mr. Davis) was having a great press conference.

Hon. Mr. Bennett: I tell you again, we were great students.

The fact is that the municipal election is set at a very specific time; you know it and I know it. I am not about to start trying to create municipal election issues. I would be a damned fool to get injected into a municipal election.

Mr. Epp: I agree.

Hon. Mr. Bennett: That is why the campaign took a very strong position on getting out to vote: "You decide. Your vote counts every day." That was the ad. You make the determination about who is best qualified to be your representative. That was our ad.

I understood there was a federal by-election called over on the Danforth.

Mr. Epp: York South is right in the middle. That one on Danforth—

Hon. Mr. Bennett: I see; we just discount that one.

Mr. Epp: We did not have control over that, but you had control of—

Mr. Breagh: We liked both of those by-elections. They were okay by us. We had no objections to either one. If you want to do it again next week—

Hon. Mr. Bennett: Your problem is that there were a great number of people in your party who thought the advertising program was a valid and valuable one in stimulating some interest.

Mr. Epp: Is that right? Name me one person.

Hon. Mr. Bennett: Ask Sheila whether she picked up any of the information for distribution. Do you know her?

Mr. Epp: Sheila?

Hon. Mr. Bennett: Ask her.

Mr. Breagh: Mike Foster thought your leaflet was quite good. He picked up 10,000 of them.

Mr. Epp: That is right. I want to get to that later on.

Hon. Mr. Bennett: Michael called as a representative of the borough—

Mr. Breagh: Which he is.

Hon. Mr. Bennett:—and then he called back and got somebody else, and said, "No, do not deliver them here; deliver them to this address." The unfortunate part is, it is great to take advantage of some clerk in a ministry who is getting the package ready to go out, and then have somebody call and say, "No, do not send it to that address; send it to this address." I will admit it; I do not deny the fact that one of our employees was sucked in.

Mr. Epp: You would not do that again.

Hon. Mr. Bennett: What?

Mr. Epp: You would not let that happen again: to have a blank page in the back to let municipal candidates do that. If you decide to spend \$840,000 on municipal—

Hon. Mr. Bennett: We can always go back; hindsight is of great value.

The Vice-Chairman: Order. I believe there will be a vote some time after 10 o'clock.

Mr. Stokes: What are we voting on?

Mr. Breagh: Never mind, Jack. We will tell you later.

Mr. Nixon: I have a point I would like to raise.

Mr. Breagh: Just before you go ahead, could

Hon. Mr. Bennett: I just want to suggest to you, before I miss the point, why we went

forward with the campaign. There can be people who criticize it and people who think it is fine. I suppose the advertising media think it is great; the newspapers, radio and television think it is a great thing, people in the printing and billboard business think it is great and so on.

But the Association of Municipalities of Ontario was consulted. If you go back to what AMO has been saying for the past printing and billboard business think it is great and so on.

But the Association of Municipalities of Ontario was consulted. If you go back to what AMO has been saying for the past several years, you will see it was disenchanted that no one seemed ever to try to bring the whole thing together with some kind of uniform campaign. Indeed, the Ontario Chamber of Commerce spoke to us about the very same thing, saying that in some way we should get more profile for municipal elections and their importance to the community.

Again if you look at it, it was very difficult to try to find any other organization but the government, between the Ministry of Municipal Affairs and Housing and the Ministry of Education, that could bring it together and put up the dollars it would take to put that kind of campaign forward.

You ask me, was the \$840,000 well spent? In relation to the fact that we transfer, in a three-year period, something like \$20 billion to municipalities, I can tell you the \$840,000 was money well spent with the turnout we had, the reduced number of acclamations and so on. We will assess it further as we go along and as we get more results back from the municipalities.

Mr. Breagh: Could I try to pinpoint you a little bit? This is the only set of elections on this scale that I am aware of where you do not report the results of the elections to anybody. Could I get you to—

Hon. Mr. Bennett: May I interrupt? They were reported to every municipality—exactly what they related to.

Mr. Breagh: Let me clarify this for a minute. As I understand it, the chief electoral officer for Ontario, in case there are disputes, is the chief electoral officer for municipal elections as well. I find that unusual, because I know on occasions previous to this one where there have been questions raised around the nomination procedure at the municipal level, and you got a ruling from a clerk's office that if somebody wanted to challenge, the challenge went to the chief electoral officer of Ontario.

Hon. Mr. Bennett: Not to my knowledge.

Mr. Breaugh: I happen to have some personal experience in this—not that this is central to the issue.

Hon. Mr. Bennett: They may have gone to him for an opinion but not for a ruling.

Mr. Breaugh: Okay. Let us set that aside. Just for information purposes, it was certainly put to the clerk in my municipality as a ruling, not as an opinion. But let me just set that aside for a minute and try to muster an argument here.

I think it would be a fairly rational thing to have the clerks in each municipality report the results within a reasonable period of time to a central source, whether that is your ministry or a chief electoral officer or someone, because it strikes me as rather odd that at this particular moment you do not know officially who got elected in the municipalities around Ontario. Officially, you have not been notified of what were the results of those elections, although you can pick them up out of newspapers or whatever.

I believe it is true that most of them will begin a swearing-in process some time next week. The argument I would muster would be that it would be not a heavy inconvenience and a fairly rational thing to say to the clerks in Ontario that prior to or some time around the swearing in, which is roughly about a month after the election occurs, they would have a notification requirement. I do not think the clerks would take that as being a particularly onerous thing, since they have collected all that information at any rate.

It would be fairly rational to have a centralized reporting agency. It seems logical to me that it would be either your ministry or a chief election officer or a designated person of that kind. I am not trying to interfere with that process. I am simply trying to say that there ought to be a place that anyone can turn to and ask, "What are the official results of the election in that municipality?"

After the clerk's office has compiled that information, should there not be a place to which that information is reported? At the provincial and federal levels, that is certainly the case. I do not think it would be a big deal; if it were, I would perhaps step back from it a bit. But, quite frankly, the clerks in all the municipalities do that work anyway.

At the end of that period, the information is readily available; the requirement of the Municipal Elections Act forces them to do that. All I am saying is, would it not be logical to report that subsequently to your ministry? As you are responsible for these municipalities, should you

not be informed as to who won the elections within a reasonable period of time? As broad as that is, would you take that under consideration?

Hon. Mr. Bennett: I am not in any way offended by asking the municipalities to report, because we do that right now. The thing is, I have no penalty if they do not report.

Mr. Breaugh: I am not interested in penalizing anybody—

Hon. Mr. Bennett: But you will appreciate that we do that right now, we ask them to report; basically it is to put the blue book together so that you know who the elected people are. But I do not, nor do I want to have, any way of forcing them into telling me that Joe Blow got X votes.

You and I come from rather sophisticated municipalities where they have a fair amount of staff; they do a lot of things, and they send in reports. But there are some communities where there are only part-time clerks, or the clerks do numerous functions within the municipal jurisdictions; every time they are asked for something additional, they get a little offended and want to know why they should give it to me.

I tell you very honestly, I am not much different from you. One of the first things I asked when I assumed this portfolio was, where is the list of all the people who are elected to municipal office in the province? The answer I got was that we do not have a list, other than the information some volunteered.

I looked at it. I am not hung up on the situation. I just do not want to find that I am criticized—

Mr. Breaugh: It just struck me as being kind of strange that you have these elections and—

Hon. Mr. Bennett: But they are their elections.

Mr. Breaugh: They are their elections; there is no argument about that at all.

Hon. Mr. Bennett: I want to correct you. There is no chief electoral officer for municipalities in the province.

Mr. Breaugh: I am not going to argue that point at this time.

The clerks in the municipalities are busy collecting the results; when they are done, they are posted in the municipal offices, and you can go and get them there. But it would not be a big deal, and it seems to be something that could be done with relative ease, to have those reported to a central source as soon as the results are collected, which in most municipalities is the next day, for all intents and purposes. Most of them will work late on election night collating

the results, but some time within 48 hours, in almost every municipality I have ever heard of, all of that work is done. All I am asking is that copies of the results be forwarded to a central source, which could be you or somebody else.

Hon. Mr. Bennett: Amen.

Mr. Epp: Can I just make a comment while we are on it, because we may not come back to it, rather than raise it again later?

Last year, I had to put a question on the Order paper to get a list of all the elected people. I was told at that time that what you were going to do this time was to put them all on computer and you were going to have available a total list of all elected people in the province.

I appreciate the work that Mr. Dewar did in sending the opposition critics a list of the mayors and some other people who were elected, and he did that very quickly. He is here now, and I did not send him a note, but I appreciate the work he did in sending this out to me. I resume the member for Oshawa or somebody else in his party got it too.

Are you planning on putting it all on computer, lists of all the elected municipal people in the province, or at least lists of all the elected heads of the various municipalities? I was told that was what you were planning on doing after this municipal election.

Hon. Mr. Bennett: I have to plead a degree of ignorance on it as to whether we will or not. The fact remains that we put everything else on the computer; I suppose it would not be too difficult to put this on a computer, provided the information was up to date.

40 p.m.

My biggest concern has been that, when we put it on the computer, someone forgets to change it when so-and-so dies or resigns, and in the next campaign you have a letter going to the wrong person. That does not stop us from looking at the possibility of doing a computerization.

The problem is, when we do these things, there have to be reasons. What do we want it for? Most of our communications happen to be with the clerk or the treasurer or the planning director of the municipality. Obviously some of my correspondence is to the mayor, if the mayor happens to write to me, but most of our circulation is to the chief officers, the bureaucrats of the municipality. If I have a reason to put everyone on a computer, fine. But I want to make sure I am not just doing it for the sake of

having them on the computer for no reason that I know.

Mr. Epp: I recognize that. But now it is a three-year term, that is a little longer than the two-year term.

Hon. Mr. Bennett: Yes, one year longer.

Mr. Epp: It may have been that if it was only for two years, they would change the names and so forth. I recognize there are always some people who resign or die or whatever. I would think, though, for your own benefit, there are particular times you could use that to list all the heads of the communities.

Hon. Mr. Bennett: There is no trouble with the heads of the municipalities. With the blue book we put out, when I was an alderman I used to ask what we went through all that lingo for. It is an expensive book to put together, and I have to ask how many people really make use of it.

Mr. Wildman: The municipal directory? I use it all the time.

Hon. Mr. Bennett: Yes, but just a moment. How many municipalities do you have to deal with, Mr. Wildman?

Mr. Wildman: About 30.

Hon. Mr. Bennett: Okay. So would it not be much simpler if someone took off a list for Mr. Wildman and made it available to him, rather than going through all the printing costs of that book, as well as the composition of it? I guarantee that, within six months of its publication it is out of date, because people have changed: clerks, treasurers—

Mr. Wildman: Yes. I make changes.

Hon. Mr. Bennett: That is right. I am just trying to be a little more practical in the way we go ahead with printing. Where were we?

Mr. Nixon: The chairman is gesturing towards me. I hope that means I can have a few moments of the time of the committee on a policy matter in the first vote. If you would care to discuss something else first, that is all right.

Hon. Mr. Bennett: There are three or four things. I have to talk about prostitution.

Mr. Nixon: Okay. Great.

The Vice-Chairman: Before the minister continues, I would remind the committee that the plan, I think, was to try to pass votes 2401 and 2402 this evening, so that we could handle vote 2403 next Tuesday evening and be prepared to start vote 2404 on Wednesday.

Hon. Mr. Bennett: Just to pass quickly through the things here. You asked about group homes,

prostitution and licensing, zoning and so on for video games and things of that nature, election expenses and their filing by municipalities.

As you know, we have tried to enunciate a policy on group homes in the province without forcing communities. I agree with you that to force a community to accept group homes is only going to create further problems. If they do not go out and sell it, as in the case of the one over on Danforth Avenue—if it had been properly sold, it could very well have found acceptance in that community—and when people walk in like bulls in a china shop, you can be sure the community is going to be upset and is going to resist.

We are still discussing the North York situation and trying to find some way of resolving it. We are going through a long court case, but it is not going to resolve anything for North York. Nor will it resolve anything for the province or for Metropolitan Toronto. The fact is, if we can find a reasonable compromise in allowing North York and the Metropolitan Toronto area to put homes for criminals on main arteries—whatever that means; I am not quite sure—then it would appear it would find some acceptance. Whether Etobicoke will buy that, I do not know at this point. I think North York is prepared to move in that direction.

The office of the Provincial Secretary for Social Development (Mrs. Birch) has been able to do a fair job. She has had some people go out and talk to municipalities, talk to areas about group homes and the essential part they play. Are there some that are not working effectively? I guess it is the same as in any other operation. There will be some that are not as good as others, and some that are annoying people in the community because the relationship is not so great.

If there are as many as I think there are in Ontario, there are bound to be one or two that are going to cause some annoyance. They will be used day in and day out as an example of why we should not allow group homes in certain communities. That is a problem we are faced with, whether it concerns group homes or some other type of operation.

As to the remarks about prostitution and security and safety in communities, most of the major communities have some prostitution going on. I guess it is the oldest occupation in the world.

Interjection.

Hon. Mr. Bennett: No. If they had, they might have been able to legislate against it. Sometimes

we believe that politicians do just about the same thing.

Mr. Nixon: Who do you think invented chaos?

Hon. Mr. Bennett: Was it the Liberals?

Mr. Breaugh, it is an issue I will not slough off nor will I try to avoid the question. Obviously, it comes under the Criminal Code, but I guess one of the strengths is to find out how, from a provincial point of view, we can best work with the municipalities to try to bring it under closer control. I am prepared to discuss it with the Association of Municipalities of Ontario and some of its people because I sure do not have any personal or professional knowledge of the subject.

Mr. Breaugh: To expand on that slightly, there is now a trend in Ontario to put on the streets a number of programs, and in some cases personnel, having to do with law enforcement that are not sanctioned and are not promoted by the municipalities. Some are; for example, there are block parents' programs and there are the community watch programs. They are basically programs promoted by local police departments and sometimes councils and school boards and things like that.

But there are also groups like the Guardian Angels, for example. In trying to deal with prostitution, there is a growing number of areas where the same kind of thing is happening. Groups coming out of communities are establishing their own programs which are not sanctioned by the municipality or the police department. They are just dealing with the problem as they see fit.

It is a difficult thing. For example, in Metro Toronto the Guardian Angels are now running street patrols despite the fact the municipality of Metropolitan Toronto, the city of Toronto and the Toronto police commission have all withheld any sanction for the program. The fact remains those people are on the street, they are receiving a lot of publicity and I am told that tonight, while we are doing these estimates, they are conducting street patrols. What is their status? It seems to me it puts the municipalities in quite a difficult position.

Hon. Mr. Bennett: You would have to ask the Attorney General (Mr. McMurtry) what their status would be. I sure would not know. I realize they had some problems or some differences of opinion in Toronto, but they seem to be back.

Mr. Breaugh: Yes. They are here in Toronto

and I believe they are also operating in Windsor and in four or five Canadian cities.

Hon. Mr. Bennett: There is no easy answer to the subject. Obviously, it is a major problem in some communities. Yesterday, you mentioned about all the things that come from the United States to this country. I suppose we only have the possibility of looking forward to it in greater numbers unless somebody gets it under control in a hurry. I am not a specialist in that area of law enforcement. I read the newspapers with some interest about the difference of opinion by various judges as to what constitutes a solicitation.

Mr. Breagh: Some Canadian cities have attempted to enter that picture by passing bylaws. I guess the jury is still out on whether they can be effectively—

Hon. Mr. Bennett: If Bill 11 gets through, they might want to license it.

Mr. Breagh: Exactly. That is the logical progression. There is a bill before the Legislature now which, in effect, says that a municipality can license virtually any business under the act and can even establish qualifications. If one were to take it literally, under Bill 11 a municipality could license—and could more than license; could establish the qualifications of—a business like a bordello.

Hon. Mr. Bennett: No.

Mr. Breagh: I do not believe that is the intention of it all. You would certainly have to qualify—

Hon. Mr. Bennett: Unless it is something that is under the Criminal Code and a legal fact.

Mr. Breagh: It is the last bastion of free enterprise I could think of and I am sure your government—

Hon. Mr. Bennett: The last what?

Mr. Breagh: Bastion.

Hon. Mr. Bennett: Oh.

Mr. Breagh: I am not referring to anyone's heritage. It struck me as something that might have crossed your mind.

Hon. Mr. Bennett: I thought you said "the last ash."

Mr. Breagh: No.

Hon. Mr. Bennett: Let me go to the last one since we are not going to gain much in that area tonight, I trust either here or in other places.

There is the matter of issues that come up at municipal elections, such as video games. There is no doubt about it, it was great to be running at the province and wanting special legislation to

do this or that and put people out of business who were already in business. I cannot differ with your view that if you start that, there is no end; that we can put them out of business after they are established, regardless of how much money they have invested.

9:50 p.m.

The fact is that municipalities can control the location of video games under licensing and under zoning. Indeed, under licensing they can control hours, but they wanted to go one step further and control the age of people who could go into these places at certain times of the day.

I made the remark during the heated portion of this issue that I suppose if I had been around here 20 or 25 years ago, I likely would have heard it about the billiard halls and how you had to keep every school kid from going into a billiard hall. It was where the devil and everybody else would hang out.

Mr. G. I. Miller: That's a skill.

Hon. Mr. Bennett: Some people would say video games are a skill, too, but I am not about to judge that, I can assure you.

I just want to report that we are going to be doing a follow-up on one of the issues you raised earlier, relating to the municipalities, looking at section 121, the election expenses declaration for contributions. I do not have a full report at this point as to all the municipalities that have already implemented a bylaw or how it worked in the past municipal campaign. But we shall be doing some reviews in that area. We are intrigued as to whether or not the major municipalities took the responsibility. It was my understanding that Ottawa and some of the others had done so.

Ottawa, of course, tried to implement a bylaw some four or five years ago and got into difficulty because it was in contravention of the Municipal Elections Act and the Municipal Act and what they were allowed to do. They have now put in a new bylaw under the amendment we offered to the House earlier this year and which was approved. I shall be intrigued to see what happens.

I am not objecting to the declaration of contributions. As you said yesterday, and I fully agree, if it is good enough at the federal and provincial levels to show the contributors to a campaign, regardless of whether it happens to be a contract, a retired person or a union, I think it should be publicly disclosed. I have said that many times.

Indeed, with respect to some of the problems we encountered in this province and in jurisdic-

tions not far from where we are sitting tonight, if that had been in place, some of the scuttlebutt would likely have been put to rest, because it would have been declared or publicly acknowledged that So-and-so and whoever he represented had already contributed.

But we did not make it compulsory across the province. I trust that municipalities have enough intestinal fortitude to know their responsibilities to their taxpayers. They had asked for it to be optional, and one of the reasons we did not make it compulsory is that there are some communities where it would be just another report, another obligation, another declaration by the candidates and the clerk. The clerk, don't forget, is the individual held responsible for reporting and getting the reports. For some small jurisdictions it would just be another exercise, and they would be annoyed, as small businessmen are at the provincial and federal governments, at putting another report in.

So we made it optional. We think the major municipalities—yours, mine and so on—that think there can be some reasons for disclosure, will make it; and I hope the municipal politicians will have the common understanding in the best interests of the public and in the security of the system to which they are elected to have people declare where they are getting the funds in order to run.

I will raise one last point. You spoke about somebody buying an office. We looked at the possibilities of trying to limit the expenses of the individual candidate, himself or herself or his family, and we were prevailed upon not to go into that area. So if you wanted to run in Oshawa and pay for your whole aldermanic campaign, if you did not want to be beholden to anyone or even appear to be beholden to somebody for contributing, you could do so. But you still had to show that you spent the money, that you had contributed, in other words, the whole cost; that is, if the bylaw were put through in your municipality. But you had to declare yourself as the sole contributor.

Mr. Breagh: I am still having a little trouble. I am projecting a trend that is coming out of the States just now, which is that extremely wealthy people are now moving into the political process almost totally on their own. They have the financial resources. Many of them, I am sure, are now participating in the political process just as they would take on a hobby like buying a yacht or a racehorse. Just because they have the financial resources to do so, it sure gives them a leg up on the system.

Hon. Mr. Bennett: As time goes along I am sure, if we find this abuse being injected into the system, someone will take action to see that it is altered. We do not see that at the moment.

Mr. Wildman: In the recent congressional elections you saw that quite often. A large number of candidates who ran spent millions of their own money.

Hon. Mr. Bennett: Is it not interesting, though, that of those fellows who were spending their own money, a helluva lot did not get elected? It comes down to telling you that if you do not have a lot of contributors, then you are weak at the most important place and that is in the field.

The Vice-Chairman: Thank you, Mr. Minister. Mr. Nixon has a question on the first vote.

On vote 2401, ministry administration program:

Mr. Nixon: We only have a few minutes before we have to adjourn to vote, I suspect. Mr. Chairman, I know you will interrupt me if you feel we should go and do our bit in the assembly.

I wanted to bring to the minister's attention some continuing problems held over from the decision taken by the Legislature two and a half years ago to settle what was then the continuing problem existing between the city of Brantford and the township of Brantford about annexation. The reason this bill and this solution have sufficient importance to come to the attention of the committee is that it was really a landmark experiment, which has now been entrenched in general legislation that is available to all communities where this sort of problem exists.

The minister might be able to give us some information as to how often it has been used, or may be used in the immediate future, to assist in the settlement of the kind of problems which in the past have been settled before the Ontario Municipal Board. The problem with settlement before the OMB has been the adversarial approach. Both sides are represented by battalions, if not platoons, of lawyers. With the tremendous costs involved it may quite often be very difficult to reach a final solution in any event, and usually the resulting acrimony makes it very difficult for the emerging municipalities to co-operate for a few years.

Frankly, I supported Bill 120, which was the experimental approach used first in Brantford city and Brantford township. I want to bring to the minister's attention the fact that, while everybody felt that was a worthwhile effort and a very useful experiment that certainly should be continued, two and a half years later there are still some substantial continuing differences

at I am afraid, at the present level of things, will eventually have to be settled by the municipal board.

The chances are that, once again, it will be an adversarial hearing with platoons, if not battalions, of lawyers at great expense and with insulting acrimony, which will make it difficult for the municipalities to continue working amicably in the future. I trust that will not be the case, but the point is that the whole thing we were trying to avoid in the first place may very well come along and even multiply, because agreement has not been reached.

Gardner Church of your staff is in the room tonight and he, along with others of your predecessor's officials, because this happened before you were minister, really did an excellent job in bringing the two sides together in most cases. There was some pressure on everybody, including the staff members, to reach sufficient agreement so that the bill could go forward. I suppose it was in response to some of those pressures that some of the matters remained unresolved, with the idea that men and women of goodwill, with all the assistance the ministry could provide, would settle this after the other matters had been settled.

Now we find it is not settled, in spite of the fact that arbitration was provided under Bill 10. In most instances, the arbitrators have provided on a three-to-one basis in favour of the contention of the township. Still, the city of Brantford is requiring that the matter go to a municipal board hearing. Naturally the township has to defend itself, and the minister and his assistants know how effective the municipal leaders have been in defending themselves and putting forward their position.

They are probably getting a little apprehensive that the minister is a bit sick of hearing about this problem. That may be so, but after all they can do nothing but defend the best interests of their ratepayers, particularly when they find individual cases—for instance, the transference of a water system, at something between \$600,000 and \$700,000, has taken place, and the township still has to provide a water service even though the well, pump and pipeline have gone to the city. The city refuses to pay for it, in spite of the fact that three of the four arbitrators have indicated it should pay.

The same is true of a sewerage built in an area which happens to be in my constituency and taken over by the city. The city refuses to pay an amount approaching \$700,000 even though the money was put up directly by the ratepayers in

the township. They feel they should not have that taken away from them without compensation.

10 p.m.

The real problem in this is that the township does not want to involve itself in an expensive and potentially acrimonious Ontario Municipal Board hearing. They feel they made a tremendous commitment to this new process. They lost 5,000 acres of land, 25 per cent of their assessment and population, and at that time about \$600,000 of their reserve funds. They feel it is unfair that they be put in a position where they have to defend something where the arbitrators have, in most cases, settled on their side.

I wonder if the minister might use his good offices in bringing in the mayor of Brantford, an outstandingly able person, believe me. He ran against me once but that is irrelevant. Maybe that was a bit of bad judgement on his part. But he is now mayor of this city and really, in my view, a very competent guy. You will be interested to know that Bob Kennedy, who was reeve of Brantford township for a number of years, has stepped down to the position of deputy reeve, and Jack Clark, whom you may also know, is now reeve.

Frankly, it is my hope that Bob Kennedy's experience in bringing in this whole field might be put to good service in the general public good by an appointment to some municipal board himself. This is something that I think would be very worth while; but that is another matter which the minister does not control but which he certainly might have some input on.

I am suggesting that the minister, who knows the principals in this field and is familiar with the controversy, might ask the mayor, reeve and two or three of their people down to his office to see if it can be ironed out. I would suggest if the minister were in a position to promise some additional assistance in—

Hon. Mr. Bennett: How is that spelled? Money?

Mr. Nixon: That is called cash, or whatever you want.

I think we have the advantage in the province of this pilot project and we are going to lose the advantage if the minister does not use his good offices, and his access to and influence in the Treasury, to see that we get the sort of assistance that we need.

Just in closing my comment, the township is a bit wary of an appeal to the municipal board or defending an appeal to the municipal board. The minister knows that in the whole matter of council apportionment, it went that route and

won before the municipal board. Then the minister negated that win by a change in the regulations which really changed the win to a loss as far as the township of Brantford ratepayers are concerned.

I have to look at it on a broader basis—

Hon. Mr. Bennett: Be fair. What is the next step?

Mr. Nixon: Go ahead. I just want to close my remarks, since we are really going to have to vote. We can come back and listen to the minister, if there is a chance to do so before we adjourn tonight.

I have a feeling that here is an instance where the minister owes it to the community, both the city and the township, to do something more than stand back and say, "If you cannot settle it, take it to the municipal board." I really think his personal involvement in this, along with the people who were part of the original deal—Gardner Church, particularly, who commands, as I am sure he is aware, a good deal of respect and a very friendly feeling on both sides there—to sit down and say: "For crying out loud, let us iron this thing out. Look at what the arbitrators have recommended."

Really, if the arbitration is recommending, there is something wrong with the terms there, but that is the way it appears it has developed.

I just want to put it to the minister and tell him that he is in a position to save us a lot of money and a lot of controversy which is unnecessary. If there is any good faith on the side of the provincial government in going forward with Bill 120, now is the time we want to see it.

Hon. Mr. Bennett: I do not disagree that there is a little bit of animosity or whatever. I surely was not going to start trying to have meetings during the last three or four months. I was not getting into the centre of any kind of controversy in anybody's municipality.

Mr. Nixon: That is settled now with the municipal elections.

Hon. Mr. Bennett: That is correct. We are always prepared to sit down as long as we have reasonable people who want to discuss it, and if they have not taken such firm positions that they have no other alternative but to support their position 100 per cent so that the only fellow who has to come up with some way of establishing a settlement is the minister.

We are prepared to foot what is a reasonable cost for us as general taxpayers of Ontario. As to some of the services you talk about, I went

through the same controversy when we became the region of Ottawa-Carleton. We took over Carleton county. We went through the same thing. Everybody thinks the assets are theirs. They did not belong to the taxpayers who came into the system; they belonged to some other group of people.

I do not know who the members of that other group of people ever were in the county of Carleton because they all came into the regional government. For some reason, in some way, shape or form, they thought the money belonged to the townships and to everybody else, but not to the city of Ottawa. Basically that is what we are into here. Who owns the asset that was taken over? There has to be a meeting of the minds.

We set out Bill 120, which gave the alternatives as to how to come to a settlement if it could not be arrived at in negotiations. I am prepared to sit down with the mayor, the reeve and others to try to find some solution to the problem, but I am not going to offer you any guarantee that we are going to come up with a pot full of cash just to keep people in a settled position.

You asked me the question, are there others who went through the deal? Sure, there have been others. Hamilton township and Cobourg just finished one. They had to go to arbitration and eventually to a settlement by the minister.

Mr. Nixon: Okay, but not an Ontario Municipal Board.

Hon. Mr. Bennett: Our whole purpose is to try and stay away from the OMB but the last resort—

Mr. Nixon: That is my point. Brantford has now applied for a hearing and the minister and the staff seem to be—

Hon. Mr. Bennett: No, hold on. The minister and his staff are not, but we have no control over the rights of a municipality to make that application.

Mr. Nixon: Of course, the application from Brantford triggered the whole thing in the first place.

Hon. Mr. Bennett: You would be the first character on my back if they did not have the right of an appeal or the right to a hearing from what you consider to be an impartial board. Do not tell me you would not, because I have listened to you argue with me—

Mr. Nixon: That is not the argument.

Hon. Mr. Bennett: The argument is—

Mr. Nixon: I am just telling you it would be better—

Hon. Mr. Bennett: Sure, it would. That is what the purpose of the act was.

Mr. Nixon: The whole purpose was to avoid the OMB solution. After all this, if we end up going to an OMB hearing also, it really is a substantial failure on behalf of the provincial—

Hon. Mr. Bennett: No.

Mr. Nixon: I believe it is.

Hon. Mr. Bennett: No. You say yes. You are the same people who, if I had to take compulsory action, would say to me: "They should have a right to a hearing. The minister should not have the final say." You fellows give me that argument time and again.

Mr. Nixon: Do not get carried away with this, please. I am just asking you—

Hon. Mr. Bennett: I said that to you, did I not? Do not get carried away yourself.

Mr. Nixon: You call them in.

Hon. Mr. Bennett: I said I am prepared to meet with them, but do not exclude the opportunity for them to go to the OMB if it is the municipality's request.

Mr. Nixon: I am not excluding them. I am just telling you that you owe it to those people to use our good offices and probably a bit more—

Hon. Mr. Bennett: Upon request.

Mr. Nixon: —to see that this solution comes forward without going through the OMB alternative. I have just put it to you most sincerely.

Hon. Mr. Bennett: To try. Robert; what you are saying is to try to avoid going to the OMB if possible.

Mr. Nixon: Okay.

Hon. Mr. Bennett: But if the only way to avoid is for the Treasurer (Mr. F. S. Miller) to come up with hundreds of thousands or a million dollars, I have to tell you then I have to look at it a little differently.

Mr. Nixon: It will not cost that much.

Hon. Mr. Bennett: That is right, but you are ways a cheap fellow until it comes to paying the bill.

Mr. Nixon: It will not cost you that much.

Hon. Mr. Bennett: That is what you told me the last time you came into my office. It was not on bended knee. I had to give you a chair and a cup of coffee.

Mr. Nixon: You were trying to give the money for Brantford (Mr. Gillies) some money to develop downtown Brantford.

Hon. Mr. Bennett: I will give him some money to develop downtown Brantford.

Mr. Nixon: Let's get into that one. That's a good one.

Hon. Mr. Bennett: If you want to; we look at—

Mr. Nixon: The best I can say is the minister offers his good offices on request. All right.

Hon. Mr. Bennett: I suggest the reeve and the mayor, since they are both compatible individuals according to your assessment of them—

Mr. Nixon: They are. They are smart people.

Hon. Mr. Bennett: That is great. I would expect only that kind of an elected representative from your jurisdiction and other parts of Ontario. They will come forward with a request.

Mr. Nixon: I am hoping we get the same response from the minister.

Hon. Mr. Bennett: The minister has always been most receptive to things coming from your jurisdiction, zoning changes, the establishment of plants on agricultural land and things of that nature that you thought were in the best, long-term, welfare and economic improvement of your community. I have never turned any of your personal requests aside before studying them.

Mr. Nixon: I will have to settle for your offer to meet with the two of them and I believe they will be glad to come and discuss it.

Hon. Mr. Bennett: Now, just do not go the next step.

Mr. Nixon: I am not going to misrepresent what you said.

Hon. Mr. Bennett: That is right. But just do not start telling them the minister has buckets of dough to keep them happy.

Mr. Nixon: Maybe some of that money you are spending down in Townsend you could divert—

Hon. Mr. Bennett: Are you opposed to Townsend?

Mr. Nixon: I am.

Hon. Mr. Bennett: Are you? Good. On the record.

Mr. Nixon: Vote 2403 will get to that. Okay. Thank you.

The Vice-Chairman: Any other questions on vote 2401?

Mr. Breaugh: Mr. Chairman, I would suggest we carry the first vote. We are obviously finished with that one. I would be prepared to

carry the second vote, except that I know there are at least two members who indicated they want to raise something. How be it if we proceed to carry the first vote and try to do three votes

on Tuesday evening? How would that be?

Vote 2401 agreed to.

The committee adjourned at 10:11 p.m.

ERRATUM

No.	Page	Column	Line	Should read:
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Andrewes, P. W., Vice-Chairman (Lincoln PC)
 Bennett, Hon. C. F., Minister of Municipal Affairs and Housing (Ottawa South PC)
 Breaugh, M. J. (Oshawa NDP)
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 McLean, A. K. (Simcoe East PC)
 Miller, G. I. (Haldimand-Norfolk L)
 Nixon, R. F. (Brant-Oxford-Norfolk L)
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 Stokes, J. E. (Lake Nipigon NDP)
 Wildman, B. (Algoma NDP)



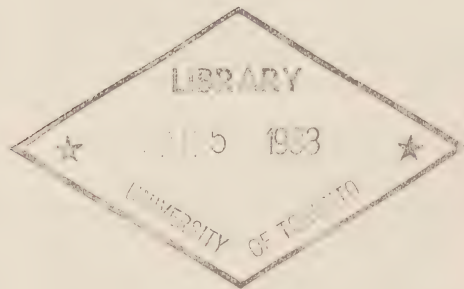
Ontario LEGISLATIVE ASSEMBLY

No. R-37

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament
Tuesday, December 7, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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Contents of the proceedings reported in this issue of Hansard appears at the back, together with an alphabetical list of the speakers taking part.

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 7, 1982

The committee met at 8:06 p.m. in room 228.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(continued)

On vote 2402, community planning program:

The Vice-Chairman: I call the meeting to order. At the end of last Thursday, if I remember correctly, we carried vote 2401 and the member for Oriole (Mr. Williams) indicated he had some comments on vote 2402. Mr. Williams is not here at present. Does anyone else have any questions on vote 2402?

Mr. Breaugh: Mr. Chairman, the only comment I would make on this is that we have had a substantial review of the Planning Act, complete with public hearings, and there is still the possibility at least of some debate on third reading; so I am not as concerned that we have a long debate on this particular vote as I would be on some others. As a matter of fact, I might even be prepared to move swiftly to a couple of other items; although one member of my caucus did want to make a comment on vote 2402.

I wonder if the chair would be lax enough to let us proceed to a couple of other areas and then to return to this vote by the end of the evening.

The Vice-Chairman: That would necessitate including Mr. Williams's comments—

Mr. Breaugh: That is a heavy price to pay.

The Vice-Chairman: Why don't we carry vote 2402 and—

Mr. Philip: Mr. Chairman, how about my asking a few questions on the Planning Act? By that time, I imagine the member for Ottawa Centre (Mr. Cassidy) will be here. He has a few specific questions concerning the Planning Act as it affects the Ottawa area.

The Vice-Chairman: Just a moment. We did have a sort of tentative agreement that we would try to reach the end of vote 2403 this evening.

Mr. Philip: I wonder whether in the various studies done by his ministry, the minister has looked into the problems that are created by the conversions of various kinds of rental accom-

modation to such things as apartment hotels and condominiums by selling a percentage interest in a building with an allocation of an apartment, or other such formulas. Does the minister agree that these are simply ways of getting around condominium conversion bylaws?

I know he has had representations from Ottawa and the city of Toronto, but has he had other representations concerning the need to amend the Planning Act to give municipalities the power to stop that kind of end run around the condominium conversion bylaws? I wonder whether he can detail to us which municipalities he has heard from and what action, if any, he intends to take.

Hon. Mr. Bennett: Mr. Chairman, we have heard from the city of Ottawa, because I guess that is where one of the first actions of this nature was taken, in an apartment building in the constituency of the member for Ottawa Centre.

I suppose as long as men live and are challenged via legal means to try to find a way around some of the things they believe government has put in the way of a conversion, or whatever the subject might be, there will be lawyers who will be as smart, if not smarter, than those we retain both as employees and as outside counsel.

In the case of Ottawa, I guess I was aware of it at about the same time as the council was made aware of it. I am trying to recall from memory; I think there were five such projects in various parts of the province. There were three in Ottawa—

Mr. Philip: There were three in Ottawa and two in Toronto that I know of. Are there some in other municipalities?

Hon. Mr. Bennett: I am just trying to recall whether it was this particular type of conversion in the other jurisdictions. Do you recall, Mr. Farrow?

Mr. Farrow: No.

Hon. Mr. Bennett: I do not recall. In very frank terms, as I said to the mayor of Ottawa at the time, obviously somebody has found a way to end-run the condominium conversion program, or whatever you want to call that type of

program, where rental accommodation today is converted to something other than a straight rental facility.

8:10 p.m.

I repeat, we can sit here and say we should be able to stop those things but, frankly, it is like anything else in the world of law; there is always one person who is going to be smarter, no no matter what is drawn up at present there is always a lawyer who will spend a great deal of time to find a way around it.

I am sure the member for Etobicoke (Mr. Philip) recalls, as the member for Ottawa Centre will, the reason they were able to get around the situation. They were able to overcome the complications under the Securities Act, which said that because a particular asset was worth X dollars it did not have to go before the Ontario Securities Commission and could go into a co-op common shareholding company.

We have taken action at the moment to put a hold on anybody who, between now and the end of March, wants to do that type of conversion. I admit it is an end run around the condominium conversion program as we know it in this province, but anybody from this point on who wishes to do it will have to go before the Ontario Securities Commission.

The Minister of Consumer and Commercial Relations (Mr. Elgie) and I, with the staff of our ministries, will be working to try to find a better way to overcome the situation. I am not prepared to say at this time exactly how we might achieve that, but certainly our objective is to try to find a way.

Mr. Philip: Why did the government try to plug it through the Securities Act?

Hon. Mr. Bennett: It was the simplest and most expeditious way to do it.

Mr. Philip: With the greatest of respect, I do not think that is the opinion of either the Minister of Consumer and Commercial Relations or of the municipalities that came to this minister. Surely what they have suggested, and what I would suggest to the minister, is that an amendment to the Planning Act would be the most expeditious route. Why not go the route of the Planning Act?

Hon. Mr. Bennett: We are not going that route at the moment. The member says it is not the position of the Minister of Consumer and Commercial Relations, but it was he who made the recommendation involving the securities commission as a way to expedite the situation.

Mr. Philip: Maybe the Minister of Consumer and Commercial Relations moved because this minister was not moving and he saw a need. Maybe he has more conscience or more concern about the problem than this minister. Would the Minister of Municipal Affairs and Housing like to give the reasons he would not amend the Planning Act? If he says he wants to go one route rather than another, I assume he does it for some kind of reason.

Hon. Mr. Bennett: I suppose we could be amending the Planning Act each time somebody came up with a different idea of how to get around a certain situation. We study the situation to try to find a way to make sure that people live up to the spirit of what we want in this province. It could very well be that ultimately we will have to have an amendment to the Planning Act. I am not prepared to move in that direction until we think it is the only way to achieve that end position.

Mr. Philip: In the meantime—

Hon. Mr. Bennett: I do not accept the member's analysis of the Minister of Consumer and Commercial Relations and me as to who has a greater interest in the social wellbeing of this community of Ontario.

Mr. Philip: I did not say of this community, I said of tenants.

Will the minister agree that the municipalities have asked for an amendment to the Planning Act, rather than going the securities route?

Hon. Mr. Bennett: No.

Mr. Philip: Can the minister give us specific examples of that?

Hon. Mr. Bennett: Obviously I will have to go back and get some of the correspondence. I did not bring correspondence from each municipality. I think the member for Etobicoke knows very well, and so does the member for Ottawa Centre, that they have asked us to look at ways that might prevent this type of operation where they are trying to go through a holding company or a common shareholding company.

Mr. Philip: And which ways did they suggest?

Hon. Mr. Bennett: They have asked us to look at it. I am suggesting that is exactly what we are going to do.

Mr. Philip: In the meantime, what happens to those tenants who are being displaced in Ottawa?

Hon. Mr. Bennett: We have to look at what, in law, is a permissible thing for somebody who has already achieved the process of being able to

convert it, whether in Ottawa, in Toronto or in any other community. Again, I am not a lawyer, but I do not believe we have the power to start drawing back a position that already has been achieved legally.

Indeed, that is why we said that from this point on any application that has not gone through legalized acceptance under the Ontario Securities Commission and so on will have to achieve that goal, so that a municipality has the right to put in its observation to the Ontario Securities Commission at the time of the hearing.

Mr. Philip: Will the minister admit that under the Securities Act there is considerable leeway for the granting of exemptions or for the granting of what the developers are asking under the Securities Act, but that under the Planning Act, if it were amended, the municipalities would have a clearer ability to stop a conversion project which they did not see was in the public interest?

Hon. Mr. Bennett: I would not want to prejudge what the position of the Ontario Securities Commission would be. I think the securities commission has a rather clear understanding of what the government is saying, or it would not have been assigned the responsibility.

Mr. Philip: I am sure the minister has read the Securities Act and more particularly those regulations that deal with that. Will he not agree that in the way they are written there is a considerable opening for discretion, if you want, and for the granting of these conversions?

Hon. Mr. Bennett: If one looks at what was here prior to cabinet's request that certain items go before it, I suppose that might be the case. But as a result of the cabinet sending the issue to them, through the Minister of Consumer and Commercial Relations, it became rather apparent what the government's feelings were on the particular issue.

Mr. Philip: They became aware of what the opinions of the Minister of Consumer and Commercial Relations were. I do not think that was necessarily the position of the government. It certainly appeared that the Minister of Consumer and Commercial Relations had some concern about it.

Hon. Mr. Bennett: In fairness to the system, a minister really brings forward the policies and positions of a government.

Mr. Philip: I find it incredible that one minister bring forward the positions of another ministry simply because he is not doing

his job properly, which is what happened in this case.

Hon. Mr. Bennett: I do not agree with the member at all, but that is his opinion.

Mr. Cassidy: Mr. Chairman, I want to ask a couple of supplementary questions on this issue, which as the minister is aware affected people in my riding.

First, I note that the comments on the regulation that was adopted in September are directed to the Ministry of Municipal Affairs and Housing; that indicates the ministry played a fairly major role in terms of drafting that regulation, which ostensibly is meant to stop any further uses of this equity co-op dodge to get around the Condominium Act.

Can the minister perhaps say what role his ministry played in drafting or in being consulted on these regulations under the Securities Act since he is the lead minister for comments on that issue?

Hon. Mr. Bennett: Mr. Chairman, I do not know that I am the lead minister; the two of us were assigned the responsibility. The staff in my ministry, along with the staff of the Ministry of Consumer and Commercial Relations, reviewed the situation to find the quickest way to try to curb the situation that was developing in the city of Ottawa in two or three cases, and in one or two other communities in the province. We worked together to find what our staffs thought was the best solution to the problem; we recommended it to cabinet and obviously it became a government policy position.

Mr. Cassidy: So it was a joint recommendation from your ministries. That means the minister must be aware of the problems that have occurred with the regulation brought in by the securities commission. Did the minister instruct his staff that they should leave a loophole so that people would be able to continue to go ahead despite this regulation?

Hon. Mr. Bennett: I do not follow what the member is saying.

Mr. Cassidy: Did the minister tell his staff to put a loophole in the regulation?

Hon. Mr. Bennett: I say to the member, do not play games around here with me. He and I both know that we do not try to put a loophole in for anyone. The government moved in a very positive direction.

Mr. Cassidy: Then why was a loophole—

Hon. Mr. Bennett: What is the loophole that you see?

Mr. Cassidy: The loophole is very simple. Regulation 910 of the revised regulations with this amendment 19(d), which comes under the Securities Act, says:

"The commission may, upon the application of an interested person or company, rule that any trade, intended trade, person or company is not subject to subsection 1"—which came down in September—"where the commission is satisfied that a party effecting the conversion of a multiple-unit residential property to establish the occupancy rights referred to in [the subsection] has prior to the day this section comes into force materially altered his position to his detriment in reliance on the law as it existed prior to that day. . ."

That is a loophole so big that you could put a fleet of trucks through it. The fact that there is no definition at all of the concept of material detriment could mean in theory that the securities commission could judge that if an applicant can show that he was out \$1 or \$10 as a consequence of this regulation potentially hitting them, then he could be exempted from it. Is that a loophole or is it not?

8:20 p.m.

Hon. Mr. Bennett: The member is asking me a legal question. It is not my opinion that it would be a loophole, but I would get a legal opinion on it before I would make a positive statement to the member.

Mr. Cassidy: The minister has had it demonstrated that it is being used as a loophole. Is he now prepared to stop it up?

Hon. Mr. Bennett: The fact is, the member and I believe the securities commission should be there to try to determine from the best judgement possible as to whether something does or does not fall within the confines of the legislation as described. If the member is going to suggest that the securities commission will be directed to do such-and-such a thing, we would then find ourselves in another legal complication.

Again I stand to be corrected by legal counsel, but the fact is that when we looked at the situation, we went through it very carefully to try to take into account the situations that we knew of. There could be others we are not aware of that could be developing in various parts of Ontario, but we are aware of at least four or five.

We tried to take into account at the time of introducing the legislation how the legislation could best control the type of situation that was developing. I do not intend to go any further

than to say that the legal advice given to us, both by people in the Ministry of Consumer and Commercial Relations and by people in the Ministry of Municipal Affairs and Housing, was along the lines of the amendment that has been indicated by the member.

Mr. Cassidy: Perhaps the minister can say whether it was the intention—

Mr. Philip: Let me just have a supplementary, because I think this is important. Is the minister saying it was the opinion of the Ministry of Consumer and Commercial Relations that it be dealt with as a securities matter rather than as a planning matter?

Hon. Mr. Bennett: At the time we were dealing with this subject it was within the securities commission, because an opportunity was found by way of forming a company under the Securities Act to avoid the \$96,000 or \$98,000 value, and this appeared to be the quickest and simplest way to correct the situation that was developing.

Mr. Philip: That was not the question I asked. The minister is implying that the Ministry of Consumer and Commercial Relations, or staff of that ministry, gave the opinion to this minister that the easiest way of dealing with this problem was through the Securities Act rather than through the Planning Act; in other words, to see it as a securities problem rather than as a housing problem.

I am wondering whether the minister can table or give us any information that clearly indicates this is the position of the Ministry of Consumer and Commercial Relations. I have the feeling, and I have stated it before and this minister simply refuted it without any evidence, that the reason the ministry moved was not out of a sense of urgency but, rather, out of a sense that the ministry was not going to move, even though he could plug it a lot better and it should be dealt with as a housing problem.

Hon. Mr. Bennett: I suggest to the member that is his opinion. I will let it stand.

I am suggesting to the member that with the situation as it was developing in Ottawa, in my discussions it clearly came under the securities commission. The situation was that they had been able to form a corporate structure and sell shares in that corporate structure which qualified, if I understand it correctly, those people purchasing shares at X dollar value to the rights to a unit within an apartment structure that had been purchased by that corporate entity. At the time we looked at it, this appeared to be.

If the member asks me whether there was correspondence, I will say a great deal of it was verbal discussion between me and the Minister of Consumer and Commercial Relations and between people in his ministry and the deputy in mine as to how we best could bring it under control.

Mr. Philip: So the minister has no legal, written opinion that he can—

Hon. Mr. Bennett: That is not what I said at all.

Mr. Philip: Then I am asking the minister, does he have and can he table with us a written, legal opinion from the Ministry of Consumer and Commercial Relations, stating that it should be dealt with as a securities matter rather than under the Planning Act?

Hon. Mr. Bennett: The best I can do is to say I will review it.

Mr. Philip: When can we expect that review? For the next estimates?

Hon. Mr. Bennett: In the fullness of time. I will try to find it as quickly as possible. We are going to meet again tomorrow morning; whether I will have time between now and then, I do not know.

Mr. Cassidy: Mr. Chairman, I would like to pursue the matter of the Mayfair Apartments in particular, because this was the case, perhaps more than the others—

The Vice-Chairman: Mr. Cassidy, you are still dealing with supplementaries to Mr. Philip's question?

Mr. Cassidy: Yes. Was it the minister's intention, when his ministry and the Ministry of Consumer and Commercial Relations decided to draw up this regulation for the securities commission, to stop the Mayfair Apartments project from going forward as an equity co-op; that is, from the ownership scheme which they had in mind?

Hon. Mr. Bennett: My answer to that question would have to be that with the legal advice given to us, if I recall it correctly—I would have to go back and refresh my memory on the whole subject—to the best of my knowledge and remembrance the Mayfair thing had moved down the road so far that they really had secured their position. Whether that was right or wrong, I can only suggest that legal counsel have been looking at it carefully, because Marion Dewar, the mayor of Ottawa, and one or two others, had asked us to look at the situation to see whether it could be stopped.

Mr. Cassidy: At that time there was a bit of work that had been done in terms of plumbing and so on, but they had received neither any consent from the securities commission nor any consent from the landlord and the courts to proceed with evictions, which not only are very questionable but also subsequently they have demonstrated they did not need to evict those tenants because they have allowed some of them to stay in.

How can the minister say they had gone so far down the line that they could not be stopped? Did he not have any sense of obligation to people who, as tenants, are guaranteed security of tenure under the law of this province but were finding themselves being forced out by a company that was prepared to use every dodge and every loophole to get around Ontario law? Did the minister not feel any sense of responsibility as a guardian of the integrity of Ontario law?

Hon. Mr. Bennett: Let us get off this great social, animated spirit that the member has—

Mr. Cassidy: Why? Is that not important?

Hon. Mr. Bennett: —because he thinks the rest of us did not possess any of it. Obviously we have another obligation; that is to the legal responsibility of a government and how it handles corporate structures and whether we have the right to move in after somebody has achieved something that has legal standing in this province.

Mr. Cassidy: They had achieved nothing.

Hon. Mr. Bennett: I beg to differ. If the member wants to get into a dispute with the Minister of Consumer and Commercial Relations in his estimates that is entirely the member's prerogative. My understanding is they had achieved the fact that they were not compelled, under the securities commission, to go before them to get a sanction of their corporate structure and share disposal, because they were able to keep it down to a dollar level that was less than what the securities commission claimed to be the essential work climate of requiring their approval.

Mr. Cassidy: I am sorry, but the minister is wrong. Had they been planning to sell the units for less than \$97,000, they would have been required to issue a prospectus for the securities; and the prospectus would have required, among other things, municipal consent—

Hon. Mr. Bennett: I beg to differ. I said I was not sure whether it was below or above the value

at which they had to get a sanction of the Ontario Securities Commission.

Mr. Cassidy: No. Since they intended to issue securities above that value, the value of the security was very much questionable, given whether or not they could evict tenants. That is not yet decided. It will not be decided until January or February.

Hon. Mr. Bennett: If that is the case, it has a legal position, and we will wait to find the outcome of the court ruling.

Mr. Cassidy: Why the devil should people's lives have to wait when there was an opportunity for the government to have said, "Look, we are going to put this in place until March 30 so that we can look at the law and come up with some solutions." Why could the minister not have simply put that project in Ottawa on hold until that time?

Hon. Mr. Bennett: Again I do not want to get into the whole legal aspect. My calling in life is not law, and I do not report for the Ontario Securities Commission, but I think one has to look at it very carefully that you do not start to exceed the position of a court in this country.

Mr. Cassidy: There is no question about exceeding the position of a court.

Hon. Mr. Bennett: If there is a case before the court.

Mr. Cassidy: Does the minister not agree that an abuse was taking place when, in an apartment where a dozen tenants now have been told that they can stay, people were being evicted on the grounds that such major repairs were being made that it was impossible for them to stay in their apartments?

Does the minister not agree there have been a number of abuses now where people have concocted renovations to apartments as a device to get around the security of tenure provisions of the Landlord and Tenant Act?

Hon. Mr. Bennett: The latter part of the question is one that is always under observation, and indeed this community has experienced as much as any in a situation involving who claims what to be a major repair.

As to abuse of the system, I repeat what I said very clearly to the member for Ottawa Centre and to the member for Etobicoke when I commenced my remarks tonight. The individual, through legal counsel, had found what he believed to be an opportunity to move in a direction that would secure whatever position he wanted. I am not about to say that is an

abuse. While I may not agree with the situation, and I do not, the fact is that as long as there are lawyers on both sides of any argument we will always have people who are just a little bit more astute than those who designed the process and the legislation.

8:30 p.m.

Mr. Cassidy: So in other words, in terms of the advisers you have in government, either you are saying they are incompetent or you are saying the government does not have the will to protect and implement the policies you said you advanced.

Hon. Mr. Bennett: You always seem to be able to find the most critical path to take. As long as there are two minds thinking in this world, there will always be one trying to outmanoeuvre and outsmart the other. That is what a chess game is all about in my understanding, and I am not a chess player, but it is indeed a challenge to see who can figure out the situation and get around a situation as designed and developed, whether it be by government or anybody else.

Mr. Cassidy, I am not about to tell you or any other member of the Legislature that the staff recommendations to us lack the integrity, understanding and appreciation of what government is trying to do in defence of the social system in this province. But I do not maintain, nor would I—nor would any other minister, nor would you, I think—that all the brains happen to be locked into receiving a paycheque from the government of Ontario or Canada.

Mr. Cassidy: What you are telling me is that where these things come up, the government itself, that is at the political end, is not prepared to take the necessary action in order to ensure the original intentions for which the laws were passed are upheld.

Hon. Mr. Bennett: Yes, we are; within the advice and complications that are described to us by those advising us. Only a damned fool does not take some of the advice that is given to him.

Mr. Cassidy: Let me tell you, Mr. Minister, on Saturday I was down at the Ontario Securities Commission. I was not able, because of previous engagements, to be there for long, but the hearing on the Mayfair thing went on for a day and a half. It has had a devastating effect on the lives of a number of people who were involved there, caught up there as tenants.

There was a cocky young lawyer, an investor—you may know him—named Dunbrell, who has been the instigator of all of this. He is scot-free.

His home is not being taken away from him. That is the situation that is occurring. In the meantime, people are looking at places where they have lived, in some cases 15 or 25 years, being taken away from them, and you are shrugging your shoulders and saying there are always going to be some lawyers in the private sector who are able to concoct something to get around the law and all we can do is shrug our shoulders and say to those people, "That is too bad."

Hon. Mr. Bennett: Nobody is shrugging his shoulders. That is your interpretation. You have always taken an aggressive position that everybody else is doing the wrong thing. But I do have some advice coming to me from people both inside and outside government as to where we have the opportunity of moving. That applies not only to myself, but I think if you asked the Minister of Consumer and Commercial Relations (Mr. Elgie), the same response would come from him.

It is fine to talk about riding roughshod over people but I think we have a responsibility to analyse the situation and if there is a shortcoming in the legislation or a shortcoming in some other action, whether it be the securities commission or otherwise, then government should look at it.

But I don't think you should take the liberty of saying everybody just wipes his hands of the situation and says, "Too bad." We could have taken the attitude that we would just wait until every case is resolved.

Mr. Cassidy: Better to wait. At the end of the waiting, either they win or they lose. Even if they win in terms of a landlord-and-tenant case, or in terms of the Ontario Securities Commission case, what guarantee is there that the owner of the building is not going to try some other dodge or fabrication in order to try to have his way?

Hon. Mr. Bennett: That comes right back to the point I raised with the member in his comment. As long as man survives, there will always be somebody who will be trying to outmanoeuvre the situation that somebody has put in his way or that he believes is in his way.

We talk about the young gentleman who owns the building. I hear he has not been very complimentary to either myself or Dr. Elgie for having taken the action we took. So I guess we came out losing from your point of view and losing from his point of view. I am not quite sure

we have anybody who is satisfied with the action we have taken.

Mr. Cassidy: Can I make a couple of specific suggestions to the minister? It is now not until January that a tenant case comes up in this particular building. I have two suggestions to make. I find that the confusion in jurisdictions among yourself, the Attorney General (Mr. McMurtry) and the Minister of Consumer and Commercial Relations is really very destructive of housing policy, but I like to think this minister and this ministry should exercise some overall supervision.

The first thing would be that the abuse or the potential abuse of eviction proceedings where major repairs are said to be required has got to be stopped. I would suggest the regulations be looked at under the act, because that can be done with no legislative time. I would also suggest that portion of the act be very carefully reviewed to ensure that it not be an open sesame for developers like Mr. Dunbrell to try to kick people out where they cannot do so because of security of tenure.

My second suggestion, which I hope the minister will look at very seriously, is this: As the law stands right now, where this clause is invoked, there is a period of about 120 days for an eviction or for termination of tenancy. There is a longer period of time in termination of tenancy for nonpayment or for some other causes, or termination of tenancy where someone is moving his family into an apartment he owns. However, it is not open to the tenant to determine exactly what happened or whether the termination is legal until the date of termination has arrived. No one has the right to go to court until the end of that 120 days.

I would ask the minister to put himself in the situation of someone who has been living in a place for a long time, does not want to move, feels he should have the right to stay and, therefore, seeks to have that tested in the court. As things stand right now, when things are tested in the court, if the judge rules the termination is legal, the judge can give about only five or seven days for the person to quit. Under the housing market conditions in Ottawa, Toronto and places like that, that puts people in an almost impossible position. In fact, in many cases they cannot risk it, because they do not know where they would go in five or seven days, moving a family, kids, a piano, whatever.

It seems to me in a situation like this Mayfair case, it would definitely be in the interests of the

tenants, and I suggest in the interests of the landlord as well, who could at least know earlier on whether he was going to win or lose and have some certainty without having to wait for so long, if either party could take the case before the court near the beginning of the 120 days rather than having to wait for four months before it could be tested. Then if they lost they would have the remainder of the 120 days to make other arrangements to move, rather than having to do it in a panic at the end of that time. I believe the minister understands what I mean.

Hon. Mr. Bennett: You are suggesting some change, I gather, under the Landlord and Tenant Act, to use the 120 days as an opportunity of testing the validity of vacancy occupancy.

Mr. Cassidy: Yes, but at the beginning of the period rather than at the end of the period. As I say, because of the division of responsibilities between the three ministers, it becomes almost impossible to know who the devil is calling the shots, as we are finding over this case.

Hon. Mr. Bennett: No, I do not think that is quite correct.

Mr. Cassidy: That would help a great deal in this particular case.

Hon. Mr. Bennett: The Landlord and Tenant Act is very clearly under the Ministry of the Attorney General.

Mr. Cassidy: But housing policy is under your ministry.

Hon. Mr. Bennett: Housing policy is one thing. The legal aspect of the Landlord and Tenant Act is under another ministry, and what you are talking about comes into that area.

Mr. Cassidy: My point to the minister, though, is that this ministry has to get itself involved in the policy implications of the Landlord and Tenant Act.

Hon. Mr. Bennett: It is one thing to be involved and another thing to be directing it.

Mr. Cassidy: But being involved, is that a problem? Are you aware of it? Are you studying it? What are you going to do about it?

Hon. Mr. Bennett: I can only suggest at this time I have not had the specific instance raised to me, either in my constituency office or as the minister reporting for housing in Ontario. Whether Mr. McMurtry or Dr. Elgie has had it raised to him, I cannot honestly say.

Mr. Cassidy: Okay, make your representation. I think that is the last of my supplementaries, Mr. Chairman. Thank you for your tolerance.

The Vice-Chairman: Mr. Philip, you have a further question?

Mr. Philip: Yes.

The Vice-Chairman: Briefly. I think you have had the floor since 8:10 and I would like to keep the process moving here.

Mr. Philip: Some of the people in the House are happy, and some of them are not so happy, that I am in here rather than continuing my two and a half hours in there.

The Vice-Chairman: I only draw to the attention of members of the committee that the New Democratic Party has had more than its fair share of the time in this set of estimates.

8:40 p.m.

Mr. Philip: You will be relieved by the fact I have to represent some constituents before a land division committee tomorrow morning, so if I can get my questions in tonight, the Liberals will have more than their opportunity tomorrow. I will not be around to take up all the time.

The Vice-Chairman: Then I hope you can expedite them and that we have brief answers.

Mr. Philip: In the event that the Ontario Securities Commission is not successful in blocking this kind of operation, the minister no doubt has been following what has happened there. I wonder if he can give us some details as to what happened in September 1982 when Wellington Green Homes of Burlington was granted relief under the provisions of the Ontario Securities Commission. Would he review that case with us and tell us what lessons or conclusions, if any, he has drawn from that case?

Hon. Mr. Bennett: No, I cannot.

Mr. Philip: Is the minister familiar with the fact that Wellington Green Homes of Burlington was given relief under the Ontario Securities Commission?

Hon. Mr. Bennett: The only thing I can suggest is that either it was preceding the actions taken by cabinet or it would fall within the framework whereby it had advanced so far down the road it had a legal right, but I am not familiar with the case. You will appreciate I do not report for the securities commission.

Mr. Philip: No, but you have stated that you met with the Minister of Consumer and Commercial Relations, that you took advice, although you have not been able to state any particular legal opinions, that the Ontario Securities Act was the route to take and that you would try to find out for us if you had a copy of any written legal opinions from the Ministry of Consumer

and Commercial Relations that such was the route to take. My sources lead me to believe they acted simply because you refused to act. Now I am asking you about a specific example. Will you look into the case of Wellington Green Homes?

Hon. Mr. Bennett: That is not what you asked.

Mr. Philip: I asked if you were familiar with it. I assumed that if you were the minister—

Hon. Mr. Bennett: You did not ask me if I would look into it. You asked me if I was familiar with it and I said no. There is a big difference between being asked if I would look into something and if I was familiar with it.

Mr. Philip: One would think that the minister, if he is claiming he has obtained legal advice that this is the route to take, would be kept aware or have someone keeping him briefed on those actions that have been taken by the OSC, and if relief has been granted by the OSC which would go contrary to what one would hope would be the minister's position, one would think he would have been briefed on it.

Since he has not, would he have someone brief him on it and give us a report as to what conclusions, if any, he has drawn from that particular experience?

Hon. Mr. Bennett: I can only suggest I will look at it. I am not suggesting I am going to give you my opinion on a decision made by the securities commission, but I will look at it.

Mr. Philip: Will he give us the opinion of the Minister of Municipal Affairs and Housing as to whether he feels that, because of this case and other cases which it is to be hoped he will be reviewing, the OSC route is the route to go, or whether he should take his responsibility seriously as the minister of housing under the Planning Act?

Hon. Mr. Bennett: I always take my responsibilities extremely seriously. I have an obligation to 8.5 million people, which is more than just my own riding, to try to make sure in the field of housing that, wherever we can, we will afford the protection necessary to people to secure their consciences or their minds in relation to their type of accommodation.

I said I will look at the situation and at the particular case the member refers to and analyse it from my point of view. Whether I decide to make a comment on it or not will be something I will determine at that time.

Mr. Philip: I wonder if the minister can tell us

whether or not he had any concerns at the time in which section 60 of the Condominium Act was put in as a way of stopping the sale of a percentage interest in a building with an allocation of an apartment? Did he have any concerns as the Minister of Housing at that time as to whether that was a method of plugging what amounted simply to a different route around the same problem that is reappearing now?

Hon. Mr. Bennett: I would have to go back and apprise myself of the situation on section 60, but I think the member knows very well that most of the decisions that would have related to section 60 would be determinations by cabinet, not individual ministers. My responsibility is to report the position of the minister and the ministry in the place known as the cabinet, which in turn will then react in either a positive or a less positive way in the design and development of legislation, whether it be section 60 or some other section.

Mr. Philip: Did it not occur to the cabinet, or more particularly to you, that since the Ministry of Consumer and Commercial Relations had tried to plug this phenomenon once, namely through section 60 of the Condominium Act, they might not be much more successful under the Securities Act, and that perhaps you might have some obligation as the Minister of Municipal Affairs and Housing to plug it under the Planning Act, which would clearly give the municipalities control over their communities, which is all they were asking for?

Hon. Mr. Bennett: I am not sure I follow your question. Are you suggesting that the situation that has developed under this corporation structure in selling a share factor that exceeds the value where the securities commission becomes involved should have been corrected?

Mr. Philip: I am saying that what happened was that when Von Teichman and his buddies found the loophole before it was plugged by section 60 of the Condominium Act, then you at least might have taken some remote interest as the minister of housing that perhaps the ministry's route was not going to solve the problem and that it might reappear in a different form, and I am wondering how far back you have gone in looking at this problem.

Hon. Mr. Bennett: Mr. Chairman, you would take it from what the member says that there is not a civil servant working within the Ministry of Municipal Affairs and Housing who really considers the long-term concern of the people of this province. They are only there to gather—

Mr. Philip: I am sure there are people who are concerned. It is the competence we are talking about.

Hon. Mr. Bennett: Just let me finish, if you don't mind. You had the opportunity to speak. I want to defend the civil servants. You take the attitude that there was not a civil servant who gave a tinker's damn about what happened in this province; they were here to gather their paycheques every 14 days. Let me assure you very positively that there are people in the Ministry of Municipal Affairs and Housing, and indeed in every ministry in this government, who are committed to improving the quality of life for all of us, not just for you or your cause but for all of us, 8.5 million people.

I want to assure you that the advice given to me is to take cognizance of the situations that develop in the province and what is the best way to curb them, if we are to curb them or if we have the legal right to curb them. I want to suggest that you are like the rest of society, and that includes me: we all become very smart late in life; after the fact we know how to correct the situation. If we were all so damned smart, why did you not make the suggestions when the legislation was being produced?

Mr. Philip: Ah. Well, I am glad the minister brought that up, because if he goes into Hansard, which I am sure he does not read very often—

Hon. Mr. Bennett: Not your comments, anyway.

Mr. Philip: No, I do not doubt that. You are a very slow learner and a very bad listener, but occasionally you might—

Hon. Mr. Bennett: If I am, then you exceed me.

Mr. Philip: That may be someone's opinion. I do not know how you would be in a position to judge that, because one requires a certain level of intelligence to do that.

The Vice-Chairman: Order, Mr. Philip.

Hon. Mr. Bennett: Let me talk about intelligence if you want to—

Mr. Philip: If I gave you a penny for your thoughts, I would have change coming.

The Vice-Chairman: Mr. Philip, Mr. Minister, I would interrupt this discussion briefly to say that if Mr. Philip could put his question, perhaps the minister could provide an answer.

Mr. Philip: I am not questioning either the integrity or the intelligence of the civil servants. I am suggesting that it is the minister who is being irresponsible in that he has not been informed. He did not take it upon himself to be

informed about section 60 of the Condominium Act; that is fairly clear from his answers. He knows nothing whatsoever about the history or the development of the Von Teichman episodes that happened in Scarborough when we warned the Minister of Consumer and Commercial Relations and the Minister of Housing at that time, several years ago, that this was a problem. They then tried to plug it by section 60, and that did not work.

I am suggesting to you that, in the same way, you are not being kept informed of what is happening under the securities commission. You cannot even answer a simple question as to what happened in one particular case only a few months ago, let alone a couple of years ago. I am suggesting it is you who are negligent, not your civil servants.

Hon. Mr. Bennett: It is interesting how the member goes all the way around the circle to come back to where he started from, confusing the people by saying he does not blame the civil servants but he blames the minister, and then saying he is not properly informed. I ask the honourable member just for a moment—

Mr. Philip: I said it is the minister who is not properly informed.

8:50 p.m.

Hon. Mr. Bennett: Just a moment. Listen for a change, if you don't mind. The minister runs a rather large operation in a province like Ontario. I do not read every newspaper and I do not read every decision that is made in any court decision or by the securities commission, let me assure the members of that.

But one of the reasons we have a rather well-informed staff is to keep the minister informed of situations, and I suggest that the staff on many occasions keep me properly informed of the situation. I am not accusing them of not informing me. I am only suggesting to the member that when I make a suggestion to cabinet on whatever act is coming through the process of legislative approval, my ministry makes it both as a minister and as a ministry.

Mr. Philip: So the ignorance the minister has just displayed tonight of these various cases is related to the fact that his civil servants did not brief him. Is that what he is saying?

Hon. Mr. Bennett: You make any assessment you want of it, because it would be as lopsided as most of yours.

Mr. Philip: Well, that is what you said.

On the Planning Act, can the minister tell us why he is so opposed to the wishes of the city of

Toronto with Bill Pr13, which would give the city the power at least to stop the demolition of adequate rental accommodation in this city, and why he is so opposed to trusting the city council of the city of Toronto with that kind of power.

Hon. Mr. Bennett: I said very clearly, and I do not deny it here tonight, that I am not about to infringe upon the rights of property owners in this province.

Mr. Philip: So you feel that the rights of the tenants who have built those communities, who have built those institutions in those neighbourhoods, are less important than those of a speculator or an investor who happens to own the building in those neighbourhoods. Is that what you are telling us?

Hon. Mr. Bennett: I am suggesting that people have the right to buy and sell property as they see fit, and I want to suggest it very strongly.

It is easy to take a very lopsided position that we will just do everything to stop anybody from doing anything with his property. I suggest we are going to diminish, if we have not already achieved it, new investment in this province in the field of rental accommodation; indeed, we are fast going to come to that position, and whether you agree or do not agree, I only suggest you take a trip to New York and see some of the problems that have developed there as a result of their diminishing property rights.

I do not intend to suggest to you behind closed doors that I am going to enhance the legislation, which indeed removes some opportunity for an individual to try to do something with his or her investment, whether it be an individual property, a single-family home or a three-storey apartment building or multiple unit.

Mr. Philip: So you are quite prepared to allow a few developers to create the kind of ghettos for the rich that can happen as more and more medium-cost and less expensive, perfectly well constructed rental accommodation gradually goes under the bulldozer and as luxury condominiums are then created.

Hon. Mr. Bennett: No. It is easy to take a very lopsided position, forgetting that there has to be a balance in every situation we are confronted with in ownership, whether it be in property or in other assets.

I am not going to try to get into specifics, but I want to talk about a situation we have today in doing major renovations in some of what you

call good accommodation—renovations that may not altogether have to do with the physical structure that you live in but that have to do with the cost of maintaining that structure. I am looking at some buildings where observations have been made, either by owners or by people who might like to own, that the cost of renovating and upgrading some of those buildings becomes astronomical.

They were built back in a day when the construction costs, the insulation costs, the type of windows that were used and so on were not what is essential today in a high-cost energy supply environment. Frankly, some of them have got themselves into a position where to maintain the building without major renovations is leading absolutely down the road to no return and likely a loss, likely the selling out of the property altogether, because they just cannot maintain it.

I think we have to be a little practical. It is great to take the position that we can go all the way to one side or all the way to the other side. I think this government over the years, through Consumer and Commercial Relations, through the Ministry of Municipal Affairs and Housing and through other programs, has tried to bring a balance into the situation and afford an opportunity for people to provide rental accommodation in our society, other than through the use of public funding, and to do it in a style that is socially acceptable to us.

If you want to take away property rights, we will remove more and more and more investors from our society. I can only assure you—and while it suits your purpose, sir, it does not mine—it eventually will come to pass that there will be only one person left to supply the rental accommodation in Ontario—and indeed, it will then likely extrapolate itself up into other jurisdictions as well—and that is either the federal or the provincial government, one or the other or collectively.

Mr. Philip: What kind of rental accommodation is supplied by the demolition of rental accommodation, or turning it into condos?

Hon. Mr. Bennett: I suppose they are still providing what can be called, at least, living structures. My ministry has the responsibility of trying to provide housing units for people in the province and encouraging the construction or development of housing units. Whether they happen to be an ownership that is condominiums or is private single-family under the renter-buy program or others that we have achieved, or whether it happens to be a rental unit, that is

really what we are trying to achieve: to provide the type of accommodation that will satisfy you and me as far as the social community is concerned and, importantly, to try to bring into the construction field or into the rental field or into the ownership field, energy conservation in line with what federal and provincial governments and indeed universal governments are now preaching.

Mr. Philip: Is the minister suggesting—

The Vice-Chairman: Excuse me, Mr. Philip, might I just interrupt? I am going to ask you to yield the floor at approximately nine o'clock, because in fairness to the rest of the committee I should allocate some time—

Mr. Philip: I am sure the member for St. George (Ms. Fish) will want to ask a number of questions because she is the person whose name is on Bill Pr13 that the minister does not want to proceed with.

The Vice-Chairman: I don't have the member for St. George on my list but I do have several others. Could you proceed to put the remainder of your questions in the next three minutes?

Mr. Philip: Is the minister saying, and I think this is what he is saying, that he is in such a position of authority that he does not trust the local municipalities—namely, the duly elected aldermen of the city of Toronto—to make those decisions concerning the kind of community they want and concerning whether or not they should have the right to say to a landlord, "No, you many not demolish this building because it is in the common interest of this community to keep this building standing?"

Hon. Mr. Bennett: So what is your question? You have gone around in a circle. What is your specific question?

Mr. Philip: Why are you afraid of the duly elected people in the city of Toronto having this kind of authority in their own community? Why do you have to act like Big Daddy, centralizing this kind of power, both in your hands and in those of the large corporations, instead of giving it to the local community? People such as the former Alderman Fish, who is now an MPP, will tell you aldermen are responsible people and can exercise some kind of influence over the planning process in their own community.

Hon. Mr. Bennett: Much to your chagrin, I am sure, sir, I will make the statement that most landlords, the very vast majority of them, are very responsible corporate citizens. They are as deeply concerned about the long-term welfare

of property rights of individuals, that is, both the tenants and they as owners, as anybody sitting in this room tonight.

One of the problems we have, of course, is we judge everything by a minority group, and exactly what the analysis comes down to is that if somebody takes advantage of a situation, the whole system is going to hell. I am saying to you that I have a responsibility as a minister of this government to try to indicate very clearly and very distinctly to people who want to invest in Ontario—the Metropolitan Toronto area or the Toronto area—that they do have some property rights and I am not about to legislate them all away. You can say, "Well, that is up to the city council." I am suggesting to you that we have the opportunity as a government of being held responsible for what are property rights in Ontario.

Mr. Philip: I will make just one concluding remark. I suggest it is too bad that the minister does not have the same faith in the elected representatives of the city of Toronto as he obviously has in the landlords.

Hon. Mr. Bennett: I have as much faith in the elected council as you have, and maybe a great deal more, sir, because I happen to represent them through the Association of Municipalities of Ontario, but I do have to use good judgement. If you go back and look at some of the things your party has said in the past, it would have me take certain responsibilities away from municipalities and bring them back into Queen's Park.

Mr. Breaugh: Like what?

Hon. Mr. Bennett: Go back and check.

Mr. Breaugh: You have a chance to put it on the record. Put it on.

Hon. Mr. Bennett: I will, but go back and do some review because I think you will find—

Mr. Breaugh: Do it now.

Hon. Mr. Bennett: I haven't got them before me, but I am willing to do that.

Mr. Breaugh: You don't know what you are talking about.

Hon. Mr. Bennett: Oh, I wouldn't say that, sir.

Mr. Breaugh: Then don't run off at the mouth.

Hon. Mr. Bennett: I am not running off at the mouth.

Mr. Breaugh: You just did.

Hon. Mr. Bennett: I made a statement and—

Mr. Breaugh: Back it up; back it up.

Hon. Mr. Bennett: I will.

Mr. Epp: Mr. Chairman, I want to ask some questions on the Ontario Land Corp. We are apparently doing those two votes tonight and I don't think we are married to one at one time more than the other.

9 p.m.

I understand you changed the method of accounting with respect to the land the province is holding at Pickering, Townsend, South Cayuga and so forth. You changed the method of accounting in 1980 so that the investment of land would not be categorized as to each site but would be categorized in a general area under the Ontario Land Corp. You are not doing your accounting on the basis of each site, such as the cost and the interest rates, etc., for South Cayuga; the way the accounting is now you have grouped it together into one general account, is that correct?

Hon. Mr. Bennett: We still have the individual breakdowns, if you are talking about land holdings like Cayuga, Townsend, Pickering or the one in Kitchener or wherever else it happens to be. I understand we still have an individual book item which shows us exactly what that piece of land is carried for on our books.

Mr. Epp: Is that true? If I want to find out, first, how many acres you have in Cambridge; and second, what it is costing you in interest rates, etc., I can get that on each individual piece of land?

Hon. Mr. Bennett: Yes.

Mr. Epp: According to the debate in the procedural affairs committee, I think it was on September 30, 1982, it was stated that the Ontario Land Corp. owed about \$1,100,000, of which about half was drawing interest. Apparently the interest on North Pickering, Townsend and South Cayuga was being picked up by the Treasurer (Mr. F. S. Miller) who was writing the interest off on an annual basis. Is that correct?

Hon. Mr. Bennett: That's correct. On some of our land, where we are in a partnership arrangement with the federal government, whether we wish or would not wish to charge an interest factor, interest marches on for their accounting and our accounting process.

In other cases—I do not have the list in front of me but we can get it for you, Mr. Riggs or one of them has it—we have certain properties we have acquired where the interest clock is stopped; in other words, the government has put its capital in. It is not much different from a great number of other private corporations: put in and stop the clock. You can let it march on, and

at any given day you could sit down and, through a computer system, very quickly calculate what the interest might have been against that landholding and that capital purchase price, but it is like most pieces of land that are acquired by governments and others, it will acquire such a value that no one could ever afford to purchase it.

Mr. Epp: So by using this method, and by having the clock stopped, you are really masquerading the actual cost of the land, if you go back to the time that you purchased it and then try to tally up the amount of compounded interest over a number of years. You are really not showing that, it masquerades the actual cost that the province incurs on that property.

Hon. Mr. Bennett: I would suggest to you, Mr. Epp, that when we stop the clock to keep land at realistic value we are acting to a very large extent in the same way as the private sector. For example, the Ministry of Transportation and Communications would acquire land many years in advance of building a highway. When the land is put into the valuation of the project, it is put in as valued on the day it was purchased. We have basically maintained that position on some of the lands. Some still has to have an interest factor shown because we are into a partnership arrangement with the federal government.

Mr. Epp: On October 1, 1982, you indicated that the province was prepared to sell off land. I think you were into some negotiations about selling off land to some entities or some corporate bodies or whatever. When you are transferring land to another ministry, as you transferred some land in Edwardsburgh to the Ministry of Natural Resources, do you show that as selling off land or merely transferring it within the government apparatus?

Hon. Mr. Bennett: The easiest way to describe it is as a reduction in our inventory, as a transfer to the Ministry of Natural Resources or whoever it might be.

Mr. Epp: So that is not shown as a loss or as a revenue asset, it is merely a transfer?

Hon. Mr. Bennett: It is revenue asset. It is shown as a transfer through an order in council.

Mr. Epp: Just a transfer. On the Ontario Land Corp., it does not show any revenue there at all. It is merely a transfer.

Hon. Mr. Bennett: We transfer the book value, if that is what you mean. In other words, whatever it is on our books for is converted to whoever it is going to.

Mr. Epp: Do you plan on transferring other land to other ministries in the foreseeable future?

Hon. Mr. Bennett: The question is a good one. For example, in Pickering and some of the other areas there will be acreage we will eventually turn over to the conservation authorities, ravine lands and so on that we will want to retain in public ownership forever and a day. Obviously, if we did not have it now they would likely be acquiring it sometime down the road. Those will be turned over at book value, but obviously, as you can appreciate, about 50 per cent of the purchase price of that land will be picked up by the Ministry of Natural Resources in its transfer payments to the conservation authority.

Will there be others? Yes, I imagine there are some lands which could very well be transferred to the Ministry of Agriculture and Food some day in the future. There are some lands that will be sold off to municipalities which have expressed an interest in some areas if the land some day is declared surplus.

For example, on land in the Kitchener area, Kitchener has indicated it would be interested in looking at it. They have not made any offer, obviously. They would like to use it for industrial purposes, so it would be done basically at book value.

Mr. Epp: The book value being the value that you purchased it at, or purchase plus?

Hon. Mr. Bennett: Plus taxes, plus whatever other costs we have incurred in the holding of that land.

Mr. Epp: Costs is accrued interest?

Hon. Mr. Bennett: No, not necessarily.

Mr. Epp: When you are talking about the land in Kitchener, you are actually talking about the 3,000 acres in Cambridge?

Hon. Mr. Bennett: Cambridge; correct.

Mr. Epp: If Kitchener were to want that land, you would have a municipal—

Hon. Mr. Bennett: Dispute.

Mr. Epp:—squabble on your hands; dispute, whatever.

Hon. Mr. Bennett: A difference of opinion.

Mr. Epp: Does Kitchener have a reasonable chance of getting that land?

Hon. Mr. Bennett: I would not want to prejudge it. As I said in the past when, I think it was their industrial commissioner or one of their people spoke to us, we would be prepared, whenever they want, to sit down and discuss it

with them. They would like to have some idea that it is going to be there. We have indicated that to them that it would be.

Mr. Epp: What do you mean, that is going to be there?

Hon. Mr. Bennett: I mean that it could be available to them or to whoever. Certainly, as you will appreciate, I do not want to get into the centre of a family feud in that area.

Mr. Epp: It would not be hard.

Hon. Mr. Bennett: I can do it without being encouraged at times.

Mr. Epp: The University of Guelph is interested in that land, as you are probably aware. What reasonable chance do they have of getting that land.

Hon. Mr. Bennett: At the time we make the decision we want to declare it as surplus and make it available, I suppose what we will do is sit down and have some discussions with the municipalities first. That has been our obligation. In the past, when we had lands declared surplus, we looked first to our other ministries in the government of the province, then to the municipalities as to whether they are interested, and then other agencies of government, the university being a quasi-agency of the government. If the others had no interest we would come to them to see if they were interested at the price we would have to secure for it.

If we did not get any, I will use the terminology buyers, I guess we would then try the private sector to see if there was any interest in it.

Mr. Epp: Are you saying you have not had serious discussions with the University of Guelph with respect to this?

Mr. Riggs: For the use of the land, yes; in terms of the financing of the land, they have not come to grips with that.

Mr. Epp: In terms of financing, Mr. Riggs, are you talking in terms of transferring that land to the University of Guelph on a 99-year lease or something of that nature, or would you transfer that land holus-bolus to the University of Guelph? All 3,000 acres or 1,000, or what are we talking about?

Mr. Riggs: One of the objectives the minister has laid down for us is to pay off the Treasurer \$1,100,000,000. Any lands that we sell to another ministry or to an agent of the government directly or indirectly must be sold at book value, which means revenue to us. The terms and conditions can be reasonably generous but we are not talking about leasing. That was the

minister's direction. We are talking about a transfer of land at a cost and a revenue which flows to us and then to the Treasury.

1:10 p.m.

Mr. Epp: When you are using this figure of \$1,100,000—

Mr. Riggs: It is \$1,100,000,000.

Mr. Epp: Pardon me, \$1,000,100,000; you have used that figure. You or somebody else has used a figure of \$1,100,000,000. The other day the minister in his opening remarks, if I recall correctly, used the figure of \$1,200,000,000. What figure is it?

Mr. Riggs: We owe Canada Mortgage and Housing Corp. approximately \$100 million. We owe the Treasurer \$1,100,000,000 for a total of \$1,200,000,000 altogether. We have a total debt to two separate governments.

Mr. Epp: You owe the Treasurer \$1,100,000,000 and you owe \$100 million to whom?

Mr. Riggs: Canada Mortgage and Housing Corp.

Mr. Epp: Canada Mortgage and Housing Corp. \$100 million; that is not a bad debt is it? What are the rates?

Mr. Riggs: I believe our average rate now is about nine per cent.

Mr. Epp: Is that money from the teachers' superannuation fund?

Mr. Riggs: Canada Mortgage and Housing Corp. is money borrowed—

Mr. Epp: Or does that come from Mr. Farlow's pension fund?

Mr. Riggs: Canada Mortgage and Housing Corp. money comes from money they borrowed in the market some years ago.

Mr. Epp: The open market?

Interjection.

Mr. Epp: Where have you stashed all that money in the last few years? Do you keep that in suitcase?

Mr. Havrot: For emergencies.

Mr. Epp: For emergencies, as Mr. Havrot said; we have had a lot of them. When did you get the \$1,100,000,000 or \$1,200,000,000?

Mr. Riggs: That fund started about 1954 or 1955. The majority of those funds were borrowed on behalf of the acquisitions of North Pickering, Townsend and Cayuga. Most of those funds were borrowed for the purchase of those lands.

Mr. Epp: If they were borrowed back in 1954, that is long before Mr. Randall started his acquisition of property.

Mr. Riggs: Most of the \$1,100,000,000 was borrowed for the acquisition of Cayuga, the Townsend lands and the Pickering lands all in the area of 1975 and thereafter. Most of the funds of that \$1,100,000,000 are in those three major acquisitions.

Mr. Epp: But that would have happened before 1975.

Mr. Riggs: North Pickering was expropriated in 1974 and Townsend was—

Mr. Epp: Was Pickering 1973 or 1974?

Mr. Riggs: The actual acquisition started—

Hon. Mr. Bennett: It started in 1972.

Mr. Riggs: Expropriation was in 1974.

Mr. Epp: Where did you get that money? Where did you borrow it from? New York? Bonn? Munich?

Hon. Mr. Bennett: I would say we borrowed it from the Treasurer. Where the Treasurer secured it from—

Mr. Epp: The Treasurer must have floated some bonds. Where did he float his bonds?

Hon. Mr. Bennett: You are asking questions I do not know the answer to.

Mr. Epp: Are you still paying nine per cent on that?

Mr. Riggs: On that fund we are paying close to 10 per cent.

Mr. Epp: Is that for 25 years or is it a floating rate?

Mr. Riggs: We are on a 20 year—

Mr. Epp: Not floating, but does it escalate?

Hon. Mr. Bennett: It is variable.

Mr. Riggs: We are proposing a 20-year repayment on that funding.

Mr. Epp: What do you mean you are proposing? Pardon me, Mr. Riggs, I do not follow you there. I have a mortgage and when I propose something the bank does not necessarily accept my proposal. Otherwise it would be getting less than it is getting.

Mr. Riggs: Let me clarify this point. When the Treasurer borrowed money, and it was the Treasurer who was in charge when North Pickering was purchased—

Mr. Epp: Was that Mr. McKeough?

Hon. Mr. Bennett: Yes.

Mr. Riggs: There was no amortization period

on the return on those funds because one was investing in a new community which has a lifespan in terms of other new communities throughout North America of from 20 to 50 years.

In our review of the corporation after we took over the North Pickering lands and the Townsend lands which became part of the Ontario Land Corp., and other lands we had, we felt as you did that there should be a definite amortization. We have now worked out a financial plan with the Treasurer to repay him on a planned period of 20 years. Part of this disposal discussion that the minister has brought forward in the procedural affairs committee relates to that particular financial plan.

When the money was originally obtained by the Treasurer, there was not a repayment schedule.

Mr. Epp: Do you have mortgages on the land or is there just investment in the land? Are there any different categories such as that? How is it categorized?

Mr. Riggs: It is categorized as a capital investment by the province. The lands are held by the Ontario Land Corp. There are no mortgages. There is a capital investment by the province in those lands.

Mr. Epp: The Ontario Land Corporation has promised repayment to the Treasurer on this land at the rate of \$90 million a year on the principal debt of \$1,100,000,000. Where is that \$90 million going to come from?

Mr. Riggs: It is in the vicinity of \$80 million to \$90 million.

Mr. Epp: Is \$90 million the high figure?

Mr. Riggs: Ninety million dollars is the extreme range. Eighty million dollars is the low range. Our revenues fluctuate from year to year. A great portion of that income—the Ontario Land Corporation has a number of assets; we have a very active land program in Malvern.

Mr. Epp: Were you selling lots?

Mr. Riggs: Yes. We have just finished selling something in the vicinity of \$5.5 million worth of lots. Over a quarter of the lots have been sold in the last few weeks. It is very active. We are selling about \$27 million to \$30 million worth of land per year.

Second, we have a large mortgage portfolio, in excess of \$625 million. That is actively under repayment. That creates a flow of revenue which allows us to repay the Treasurer. We also have lease funds, we lease land.

We have first mortgages and second mortgages totalling in excess of \$625 million. On top of that we have our land sales, which accumulate. In any one year you will sell your land and take back the first mortgage, of course, from the builder, that builds the house. That would total up to close to \$30 million a year.

From that flow of funds we are able to generate the capital required to pay back the Treasurer, between approximately \$80 to a high of \$90 million per year to pay off his full debt over a period of some 20 years.

Mr. Epp: When you are selling those lots in Malvern, are they serviced lots?

Mr. Riggs: They are fully serviced lots.

Mr. Epp: What is the average price of those lots?

Mr. Riggs: According to the appraisals by the federal government, which owns 75 per cent of the equity in the lands, we have been requested to sell those lots at \$1,000 per linear foot.

Mr. Epp: What is the depth of those lots? About 110 feet?

Mr. Riggs: They run approximately 100 feet deep. It is linear foot frontage that we are talking about.

Mr. Epp: I realize that. What is the average width of the lots?

Mr. Riggs: Eight metres.

Mr. Epp: Tell me in feet. I know you use the metric system; Darcy McKeough favoured it, he spoke very eloquently on it and you obviously were impressed with it. But how many feet?

Mr. Riggs: Forty feet, sir. All our subdivision plans are in metres and that is why I had to give it to you in those.

Mr. Epp: Forty thousand dollars.

Not even Ward Cornell knew how many feet that was. Or did you, Ward? I am sorry.

Mr. Riggs: It is approximately 38 feet. About \$38,000.

Mr. Epp: Can you provide us with a registry of the landholders that you have in the province?

Mr. Riggs: Yes. I have a complete book back there which has every piece of land that we own at its present book value, the number of hectares, the number of acres, when it was purchased, etc.

Mr. Epp: You will provide that to me?

Mr. Riggs: It is already public.

Hon. Mr. Bennett: We supply it to our friend,

the auditor, who likes to know what our assets are.

Mr. Epp: I did not know you spoke that favourably of our friendly auditor.

Hon. Mr. Bennett: Sure.

20 p.m.

Mr. Epp: When the report comes out, he is not so friendly towards you people.

Hon. Mr. Bennett: On a very minor number of issues; he has to do his job.

Mr. Epp: I want to raise a situation regarding the Ontario incentives make-work program. If I had my notes correctly, that comes partly under 2402.

The Vice-Chairman: I have allowed a fairly wide-ranging discussion on both these votes and assume at some point we are going to carry 2402 and have 2403.

Hon. Mr. Bennett: I think we are talking about a vote under an assignment of money from the Treasurer of \$34.5 million—

Mr. Epp: Known as the Ontario incentives program.

Hon. Mr. Bennett: The one that was announced to the Treasurer not so many months ago. I think that would come under vote 2407 because it is strictly related to a municipal program.

Mr. Epp: I know you have a liberal tendency sometimes. Are you going to let me raise it now?

Hon. Mr. Bennett: That is the chairman's prerogative, not mine.

Mr. Epp: Are you passing the buck?

The Vice-Chairman: I would hope, Mr. Epp, that you could confine that to Wednesday, December 8, and Thursday, December 9, when we agreed to discuss that vote.

Mr. Epp: Can I get into rental housing at this time?

The Vice-Chairman: What vote is that?

Mr. Epp: Are we going to discuss vote 2404?

The Vice-Chairman: I would like to carry some of these other votes before we get too far with rental matters. Maybe we could proceed with them.

Mr. G. I. Miller: Can I ask for a supplementary regarding landholdings?

The Vice-Chairman: Yes.

Mr. G. I. Miller: Is there any possibility of the farmers buying land back from holdings like South Cayuga, which perhaps will remain in agriculture for a long while? That is a question I am being asked.

Hon. Mr. Bennett: Mr. Chairman, if the day comes that the government wants to declare South Cayuga, and I am not sure that is quite yet—or whatever other lands; let us not just keep it to South Cayuga—as surplus lands, they obviously will go back into the market system.

I want to be very cautious when I say “market system.” It could very well be that in our discussions with the Minister of Agriculture and Food (Mr. Timbrell) he will think it is in our best interests to retain it under public ownership and lease it out, particularly as an incentive to young farmers to give them an opportunity to get on the land.

I would not want to suggest that we would not be prepared in some cases to dispose of the land. Obviously, our policy has been in the past, and probably will be in the future, that if the original owner is still interested in purchasing back the land after it has been declared surplus to needs of the government, he will be given the right to acquire it at a value to be determined by the Ontario Land Corp. at that date.

Mr. G. I. Miller: I think that answers the question we have been asked. The second question has a vague connection to that. Will the municipalities be involved in whatever use the land is put to? That is, the region and area municipalities? Would they have some input into it?

Hon. Mr. Bennett: What do you mean by “input”?

Mr. G. I. Miller: If there is any long-range planning done for that land, will the municipality be requested to have input and work in co-operation with the ministry?

Hon. Mr. Bennett: Yes; the region or municipality or both. If it is going to be designated to the conservation authority, the municipalities would be principally concerned because they are going to be contributing under the conservation levy. If it were to be going into development, obviously we would have to have the concurrence of the municipality or region or both to allow it to go into the development because of the zoning requirements and so on.

If we were declaring it surplus and the municipality expressed an interest in it, and if their interest is that it be used for purposes within the zoning that they are now talking about, I suppose we would have no objections to discussing it with them. But we have maintained the fact that municipalities be dealt with on the same basis as any individual. The book value is the price of the land.

Mr. G. I. Miller: One final question: I think Edwardsburgh was turned over to the Ministry of Natural Resources.

Hon. Mr. Bennett: That is correct.

Mr. G. I. Miller: Would there be a possibility of turning some of it over to the Ministry of Agriculture and Food under the same principle, so that long-term stability could be derived from that?

Hon. Mr. Bennett: The Minister of Agriculture and Food (Mr. Timbrell) has participated with our ministry and other ministries that have surplus lands, or what appear to be surplus lands, or lands that are in advance of need for whatever project it might be, to analyse them as to their agricultural potential and the possibilities of putting them under production either in ownership or through a leasing arrangement.

Most of our lands have already been assessed by the Ministry of Agriculture and Food and recommendations are coming forward on a fairly consistent basis as to potential and what the acreage rental should be, for example, if we are to get into the leasing business. I might add that they handle the leasing throughout.

Mr. Epp: One short question, if I may go back for a moment, with respect to the landholdings you have: Are any negotiations currently in progress whereby the private sector is trying to buy any substantial—rather than a lot of 38 or 40 feet—parcels of land from the Ontario Land Corp.?

Hon. Mr. Bennett: There are always some negotiations and people inquiring. Most of our lands—

Mr. Epp: I am talking about serious negotiations. I am asking you whether within the next year or so we are going to read in the paper that Cadillac Fairview has bought 100,000 acres and it is going to start building high-rise apartments or something.

Hon. Mr. Bennett: Since Cadillac announced it did not want to be in residential construction a year ago, I guess it is not likely to be a potential purchaser unless it is for shopping centre purposes.

Mr. Epp: It could change its mind. I am just saying I would not preclude—

Hon. Mr. Bennett: Yes, it could. There is no doubt about that. The fact remains that if somebody came along and said, "You own X piece of land, and we are interested in it," we would then likely look at the potential for putting it out to public tender or for a proposal to purchase, as we did in Ottawa just recently on

a piece of public land, and a few other sites we have had as well. I will give you an example, the one in Ottawa. How many acres was that one?

Mr. Riggs: Thirty hectares.

Hon. Mr. Bennett: Some 70 acres. It was an interesting piece of land that sat in Ottawa for some period of time. Because the mayor of Nepean had made some obligations to put sewer and water services into an area that had been developed under the Veterans' Land Act some years before, it necessitated provincial government lands being built upon.

We had one, two or three people who at least expressed an interest and we put it out to tender or for proposals. The first one that came in was not satisfactory, in the opinion of the minister, and we retendered it or resubmitted it. Then two or three proposals came in, all of them very complicated, I must admit. It would take a Philadelphia lawyer and a good accounting firm to determine who made the best offer to the government for the land.

Unless it is a very small acreage, we will try to put it out for a proposal call and we will never restrict. The Malvern situation is a good case. As you know, we have some very valuable lands in Malvern, particularly in some of the commercial holdings. We have had some very interesting purchases.

Mr. Epp: What you are saying, really, is that if there is any parcel of land, other than very small parcels such as those you are selling now in Malvern, they are going to go out on a tender call. You are committed to that?

Hon. Mr. Bennett: Yes, we have taken that position.

Mr. Epp: That is a firm position?

Hon. Mr. Bennett: Yes. Regardless of how we try to handle the land, usually we can get into a problem. We think we have a small acreage, and Mr. Riggs will tell you that at times no one seems to be interested. Then when we try to get into selling the land, because there appears to be a fair offer, all of a sudden we find a second or a third person expressing an interest in it. We have looked at it very carefully. In fairness, before we accept a deal, particularly if there is a 75 per cent interest by the feds through Canada Mortgage and Housing Corp., we always have its concurrence in the acceptance of an offer.

Mr. Riggs: The only exception to that would be if a large industry approached us through the Ministry of Industry and Trade and wanted land owned by the province, there would be a likelihood of negotiation rather than tendering.

that is the only exception I can think of. If that ministry brought us a large industry that wanted to settle in part of Ontario on the province's end, I think the government would want to look at that favourably without going to public tenders on the land. That is only speculation on my part, but it has happened before. However, that would be a government decision, rather than a ministerial or a land corporation decision.

30 p.m.

Mr. Epp: So you make your distinction there. You are talking now about a piece of land of maybe 100 acres or something of that nature; and industry usually would not ask for anything more than 100 acres. Why? Because you would not have time to tender it or something of that nature?

Mr. Riggs: If an industry wants to settle in a certain location and you happen to be in that location, you must remember they have alternatives in other provinces and other jurisdictions. We have found in certain areas, where you are not boosting the economy, where you put up a lot of barriers, that they will go somewhere else. If they decide, as Philips did on Malvern, we sold them the land in Malvern without going to tender because the federal government and ourselves felt that having employment in Malvern was a plus. It was sold at market value.

We had three appraisals done to ensure the price paid by Philips was reasonable, but we were not going to put it out to tender when the firm wanted to locate on a certain site along Highway 401 in Malvern, which would have increased the value of our lands by double. We got full value for it, but there was not another Philips coming along to tender for the land. Philips wanted it, and was the only buyer at that point wanting a prime site and were to pay a very high price for it.

Mr. Epp: When you are talking about going some place else, are you talking about going some place outside the province?

Mr. Riggs: I am saying that Philips could have gone to Quebec—

Mr. Epp: Because as far as you are concerned, you are not interested in whether they go to Toronto or eastern Ontario, are you, or whether they go to Kitchener-Waterloo or even to Oshawa, Huron-Bruce or some place else?

Mr. Riggs: I will give you a situation. It might well be that a firm would want to settle in the Golden Triangle. We have lands in Brantford Township, Cambridge and Townsend. I am merely saying that if they came to us with 1,000

jobs, I think my minister would want to sit down and talk to them about purchasing this land at market value without putting it out for public tenders.

Mr. Epp: To what extent do you encourage firms coming into the province to purchase, lease or whatever government land as opposed to private land?

Hon. Mr. Bennett: I would not say that we use any influence whatsoever. Generally speaking, when a company comes to us it is because somebody—the Ministry of Industry and Tourism—has referred it to us, because it has expressed a view to a local organization, a municipality and so on. To put the member's mind at rest, we do not go out trying to be competitive by reducing land prices to bring an industry into an area owned by the province.

But if they come along and want to purchase it or they are recommended, we will negotiate with them. As Mr. Riggs says, we do not get into trying to undercut the price; we get the appraisers to come in and do an appraisal of the land, and we work from there.

Mr. Epp: So if a company wanted to get some land and you sold them 100 acres, you would get a local appraiser to come in and appraise the land and you would sell it on that basis. You would not give them any tax incentives or things of that nature?

Hon. Mr. Bennett: We would likely have at least two appraisals. We would likely get one and we would suggest that they get one.

Mr. Epp: You would get one person from the ministry?

Hon. Mr. Bennett: We would likely go to an outside land appraiser who is familiar with the community in which we happen to be dealing, and we would likely suggest to the firm that they get a land appraiser so there is something they can judge it by. We have had situations where we have had their appraisal and our appraisal and there has not been a meeting of the minds or there has been a fair difference of opinion and we have agreed on a third person whose fee we jointly paid to acquire another land value, which virtually binds both of us to accepting what the third person comes in at. I did say "virtually;" I would not want to say that there is not some negotiation done.

The Vice-Chairman: Are there other questions on community planning programs?

Mr. Wildman: Mr. Chairman, I have some questions with regard to planning and approvals

in unorganized areas of northern Ontario. I have talked to Mr. Farrow about this as well as to other members of the staff. The ministry got involved in two ventures in my riding over the last couple of years where they approved substantial subdivisions in unorganized areas; both cases involved high land values and substantial values of homes that were being built on those lands. Both those situations also involved communal services.

Since it is unorganized, it is a situation where one is talking about communal services that were to be provided by the developer, at least initially, with some plan to organize something at a future date such as a private corporation involving all the people who had bought homes in the subdivision. The various ministries of the government were involved in the approvals process since we are dealing with unorganized areas and they do not have their own planning organizations.

The Ministry of Transportation and Communications came in to look at the plans for the road, the Ministry of the Environment came in to look at the communal water and sewer services and there were various other ministries. The final decision was made by the Ministry of Municipal Affairs and Housing. I will not put words in Mr. Farrow's mouth, but I think generally the experience has not been a happy one.

We have a situation now where there are various degrees of dissatisfaction on the part of the home owners and on the part of the various government ministries with the performance that has occurred in both cases. One I am talking about is the Peace Tree subdivision, which is in the organized township of Aweres, north of Sault Ste. Marie. The other one I am talking about, the Forrest Glen subdivision, is a development of Rygate Homes in the unorganized township of Striker, near Blind River.

In one situation, the Peace Tree subdivision, there was a letter of intent—I guess that is the term to use—by the developer that he was going to provide services in terms of roads up to a certain standard approved by MTC and water services up to a standard approved by the Ministry of the Environment. There was a similar situation with Rygate Homes. Although I am not a lawyer, it seems to me the agreement with Rygate Homes was a little stronger than that with the Peace Tree subdivision. In that case, too, we have a situation where it really has not worked out.

It seems to me one of the problems with the

agreements, as they were set out, was that first off they did not have deadline dates by which time particular commitments by the developer were to be completed. There does not seem to have been the supervision by the Ministry of Municipal Affairs and Housing or by the other ministries that would have encouraged the developer to fulfil his obligations before we ran into a situation where the water lines were frozen and homes were without water for two months in the wintertime, or the home owners themselves had taken over the operation of the water and sewer system because the developer was not doing it, or they had made agreements with MTC for maintenance of the roads because the developer was not maintaining the road.

In the Peace Tree subdivision situation, apparently the developer now is applying for a second-stage subdivision which will involve the same communal system. When I suggested to the Ministry of Municipal Affairs and Housing that perhaps approval for the second stage might be held up to encourage the developer to fulfil his obligations under the first stage, there seemed to be some legal problem with that.

9:40 p.m.

I understand now that the legal branch of the Ministry of Municipal Affairs and Housing has sent that developer a letter suggesting a meeting, at which meeting they are going to ask him whether he is going to fulfil his obligations, or whether he is able to. There seems to be some financial problem, and he may not be able to. If there is a financial problem, it is beyond me why he would be moving to a second-stage development. I understand there may be a letter sent by the ministry to Rygate Homes, the other development. Certainly the Ministry of the Environment has sent a letter, because there is a dump there that was never authorized.

I am a little concerned too that it appears a bond was put up by the Rygate developer as a commitment to fulfil his obligations and it appears the ministry has allowed the release of that bond, even though the commitments have not been fulfilled. I would like to know whether my understanding of these facts is accurate and, if not, what the correct description of the situation is. What, if anything, has the ministry learned from these experiences about approvals and planning in unorganized areas in northern Ontario?

Hon. Mr. Bennett: I will call upon Mr. Farrow, who has some understanding of the problem presented.

Mr. Wildman: Yes, I hope he agrees that I turned him I was going to ask you.

Mr. Farrow: I will agree to that.

The basics as you have laid them out, Mr. Wildman, are as you say they are. Getting back to your first question on development in unorganized territories, territory without municipal organization or whatever, we have a bit of a dilemma. We cannot say there will be no more development for urban purposes in unorganized territories, and I am not suggesting you are suggesting that.

Mr. Wildman: No, I am not. My concern is in developments that involve communal systems.

Mr. Farrow: We are learning from some of these things. In some areas, with the systems of communal services and roads, which you mentioned as problems—we have to have roads, whether we have a communal water supply or communal sewage treatment—we have had a problem with all of these. We have the basic philosophy that we have to allow some urban development in unorganized territories.

Mr. Wildman: If I may interrupt just for one point, you can divide those two. There is a provision under the Ministry of Transportation and Communications for roads in unorganized areas, and there is the possibility of local roads boards; so that is not quite the same. However, in this case, they cannot even organize a local roads board, because the developer has not got the road up to standard.

Mr. Farrow: There still can be a problem with roads, but the philosophy is that we have to allow some permanent development in unorganized territories throughout our north. We have seen, one could say, experimenting with different ways and better ways. In the past, as you know, it was simply a matter of asking for an undertaking that certain things would happen. Usually they did, but there were some occasions when some things did not happen.

In the case of both these areas, we did enter into some types of agreement with the owners, and you are correct in your assumption in the case of Peace Tree that one of our lawyers has written. We have not heard. We are anticipating that another letter will be going out very shortly, saying: "We have not heard. Therefore, we want either to have a meeting to find out what we can do or else some action taken." We are hoping, maybe optimistically, that we can find a solution at a meeting. At least we have to afford Mr. Wildman the opportunity to provide a solution to the problem before we actually charge off to the

courts. But the ministry is prepared to take the latter route if we cannot come up with a reasonable solution.

This goes really for both. In the case of Striker township, you are correct in saying that there has been a letter regarding the type of refuse that was put on the dump and was supposed to be for construction materials. Apparently there have been other things put in there, and the Ministry of the Environment has been involved with that. With regard to the roads and the maintenance of the water system, we will be involved in meeting with them. I am telling you things you already know. I am telling the committee what you already know. We have indicated we are prepared to meet, but we are also prepared to write and initiate some action if we cannot get a reasonable solution or a solution by means of some negotiations.

Mr. Wildman: Since we are not lawyers, I will not speculate on the possibility of enforcement of your agreement. But there have been suggestions that perhaps you would not have too much of a chance in court.

Mr. Farrow: We have to see what lands are there. Again, not being a lawyer, I do not want to speculate, but I want to be optimistic that we can solve the problem. I think you will agree that it is a nice development; it just has problems we have to find a solution to.

Mr. Wildman: As I said, at Peace Tree you had two houses with water lines frozen up for two months last year.

Who is responsible for inspecting the roads?

Mr. Farrow: The Ministry of Transportation and Communications.

Mr. Wildman: Is it not correct that in the one case, in Rygate's Forrest Glen subdivision in Striker, MTC made an error? They said one road was up to standard and now they find it is not up to standard and they are refusing to put a subsidy on it?

Mr. Farrow: That would appear to be the case.

Mr. Wildman: So people living on that road are stuck because MTC made a mistake.

Mr. Farrow: We are entering into some discussions with MTC to see what can be done about that.

Mr. Wildman: Is the Ministry of the Environment responsible for the water supply?

Mr. Farrow: We had to get clearances from them for the water supply—we thought they were giving us clearances that it was satisfactory.

Mr. Wildman: My question concerns maintenance, not design. MOE approved the design, but who is in charge of determining whether the maintenance is being done? In a municipality an inspector would be, but you do not have an inspector. Who does it then?

Mr. Farrow: We had hoped there would be a group put together to do it. As you know again, the owner had agreed over a period of time to maintain it. In these economic times, whether he is able to is going to be part of the negotiations we will be involved with when we meet with him.

Mr. Wildman: You are prepared to meet with him?

Mr. Farrow: Yes, sir.

Mr. Wildman: I appreciate that. I think that would be useful.

I just want to know, though, what, if anything, the ministry has learned from this experience. My concern is for the approval—as I said, Peace Tree has a second stage for which approval is being asked.

Mr. Farrow: The second stage has been approved.

Mr. Wildman: It is approved now?

Mr. Farrow: Yes, it has been approved. I cannot give you the date of approval, but I checked that out after talking with you. It was held up. Part of the area where you have the problem now is what we call stage two. It is really a new subdivision owned by three different people, one of whom was the owner of Peace Tree.

Mr. Wildman: I do not want to take up the time of the committee on this specific situation. In that case, if stage two goes ahead and if a corporation is formed that will then take over the operation of the services in stage one, that might resolve some of the problems.

Mr. Farrow: Stage two, as I understand it, is the one that was approved, not just recently, but some time ago, by three other people. I do not have any knowledge of a second one coming in by these three. You mentioned the name of Peace Tree.

Mr. Wildman: We can talk about that later. My question is whether the ministry is looking to determine that this kind of thing does not happen again. If it does approve subdivisions that involve communal services, how is it going to avoid these kinds of problems?

Mr. Farrow: We are just going to have better bonding or, as you suggested, we will try to go as

far as we can on individual services where the individual lot owners are totally responsible unless there is a good indication that annexation is under way. In Striker we were pretty close to getting that area annexed. All the work was done on that.

Mr. Wildman: The municipality has generally taken the position that it does not want it because there are too many problems. If you solve the problems, it will take it over.

Mr. Farrow: That is right. It previously agreed it would take it over once things were done. Unfortunately, they do not appear to have been done satisfactorily. Unless we get in an area where there can be some ultimate municipal organization, or there is a group set up right at the initial stage that is going to own the thing and operate it and the agreements are there, we will be looking at individual services on each site.

9:50 p.m.

Mr. Wildman: The other question is, who is responsible, or is anyone responsible, for ensuring that the Ontario Building Code is enforced in unorganized territories?

Mr. McLean: Madam Chairman, could I have a supplementary on the previous question?

The Acting Chairman (Ms. Fish): On the previous question on servicing?

Mr. McLean: No, on septic tiles and septic beds. Has there been any discussion with regard to aerobic systems being used in territories such as have been mentioned?

Mr. Wildman: That is under the Ministry of the Environment, I understand, Madam Chairman. It is done on some occasions.

The Acting Chairman: Yes. I thank you for assisting me. I was about to point that out to Mr. McLean. I am not sure, Mr. McLean, that I could reasonably treat that as a supplementary on Ministry of Municipal Affairs and Housing estimates.

Mr. Wildman: My question was about the Ontario Building Code. Who, if anyone, enforces the code in unorganized territories?

Mr. Farrow: That comes under Consumer and Commercial Relations. I cannot personally tell you how it is enforced.

Mr. Wildman: My understanding is it is not.

Hon. Mr. Bennett: I think it would be fair to say it likely lacks something. There have been some discussions over the last period of time by that ministry in conjunction with our own as to

the possibility of this ministry taking over the responsibility.

Mr. Wildman: That is why I raised it.

Hon. Mr. Bennett: Whether we do will be a matter of legal obligations or complications, as Mr. Cassidy said earlier tonight. There are times when two ministries start to get involved, even though one case is in the north and unorganized and the other might be somewhere else.

Mr. Wildman: Is there a possibility of the Ministry of Northern Affairs being involved in it in any way? I know it does not normally deliver services. It is supposed to be a coordinating group.

Hon. Mr. Bennett: That would be as bad as suggesting we get the Ministry of Natural Resources in as well.

Mr. Wildman: Oh no, I don't want them involved.

Hon. Mr. Bennett: I am just using that example because, under our Ontario home renewal program, we use their officers in unorganized territory to do our inspection and analysis of applications.

Mr. Wildman: That is another story I would like to get into.

The Acting Chairman: I gather the minister's response to the question about the Ontario Building Code was that he was looking into the question.

Mr. Wildman: I just want to conclude by saying, in clarification, it is my understanding in these two particular subdivision problems I raised in unorganized areas that the ministry will be in contact with me about the results of the meeting with the developer of the Peace Tree subdivision and will also arrange a meeting with the community association for Forrest Glen.

Mr. Farrow: A Forrest Glen meeting will be arranged, of which you will be part. That is our understanding.

Mr. Wildman: I hope to assist the ministry. I am not trying to be—

Mr. Farrow: I agree. We appreciate the assistance you have given on this on behalf of the ratepayers, and also in helping us find a solution to it.

Peace Tree will be the same thing. When we hear back, or if we do not hear back, there will be another letter going out, perhaps from myself, saying, "Be quick or else we start action." If we start action, then you can go down to the local court and see what happens rather than—

Mr. Wildman: I would rather resolve the problem.

Mr. Farrow: So would we, but if we cannot, if they ignore us and will not meet with us, we have no alternative but to initiate it. I believe also we should talk and negotiate, but that can only go on so long and then there has to be a time when we put our legal people where our mouth is, so to speak.

Ms. Bryden: I want to get back to Bill Pr13, because I had some specific questions for the minister on it. He mentioned "balance" in his comments, that he felt he had to balance the rights of property owners against those of tenants. I think the word "balance" is very important, but we have to recognize that the housing market is a semi-monopoly situation, because there is only so much serviced land. That calls for government intervention to achieve balance in the use of land between the rights of property owners and the rights of tenants.

I notice the mandate of the ministry in the note in the estimates for the community development branch is, "to assist municipalities in meeting rental accommodation and housing rehabilitation requirements for seniors, the handicapped and low and moderate-income families, based on established needs and demands." I am quoting from the note in the estimates.

If that is the minister's mandate, it seems to me he has to exercise some power over what use is made of land to provide housing. He says he is interested in encouraging the construction of housing units, period, with no specific requirements as to the kind of housing that should be provided. When you have a vacancy rate that is so small you cannot even see it—I think it is 0.04 per cent in the city of Toronto—it seems to me that if you are not exercising overall government policy through the Planning Act as to how you can arrive at the balance, you should be prepared to give the city of Toronto, which has probably the most acute rental housing shortage of any municipality, the right to use the instrument of demolition control in order to obtain the balance you are seeking or that your mandate should compel you to seek.

I think it is a truism that adequate housing is a human right under the human rights code of the United Nations and so on, and it is up to governments to see that this human right is met. I am very disappointed that the member for St. George (Ms. Fish), our chairperson, has not persuaded the minister that Bill Pr13 must go through, because I know she knew a great deal about housing when she was on city council and

about the needs and demands in Toronto. The established needs and demands hardly need to be documented in Toronto.

I would like to ask the minister how he feels he can carry out his mandate as set forth in the estimates and at the same time deny either putting complete demolition control for the whole province into the Planning Act or, if he is not prepared to do that or does not think the problem is acute enough across the province, at least giving it to Toronto under Pr13.

Hon. Mr. Bennett: Madam Chairman, I would have to analyse what the honourable member is really saying about the serviced land—that is what we are talking about—in the principal downtown or central areas of most municipalities. No doubt about it, the amount of serviced vacant land available for housing construction, whether it be entirely in the private sector or under public auspices, is not very substantial.

But the amount of serviced land available in this province for the development of rental or ownership accommodation is rather substantial because of this government's action under the Ontario home assistance program of many years ago—indeed, to the point that some of the services are in the ground long in advance of need, because the economics have gone in a direction that was not anticipated.

I think we do have a responsibility. I think we have responded, federally and provincially, in trying to provide various kinds of housing to the various communities of Ontario. The Ontario rental construction loan program of a year ago is one our government got involved in very deeply, and the federal government was in the Ontario community housing assistance program, which is in essence the rental construction of this year. It has not been very successful for a number of reasons, and I think most of them are very obvious to us.

As I said in my opening remarks, if you will read them, you will see that we are very concerned about where we are going in the field of the provision of nonprofit housing, both public and private, and to some degree in the co-op operation. Those are areas in which this government participates in a full-fledged way with the federal government in trying to provide an alternative type of accommodation to the various communities or parts of communities in this province.

Indeed, in this city the whole St. Lawrence Market development came under that type of program, either co-ops or nonprofits, and I think they have provided a golden opportunity

for various income levels to participate. Those who are in the middle-income category can live in there on what would be considered a market rent position, which is a rent determined by the federal and provincial governments in agreement, or you can be in there on a rent supplement basis, which is supported to a further extent by the federal and provincial governments.

10 p.m.

There has been some criticism of some of the projects that income levels of some of the individuals in there are far too high and they should not be entitled to be there. I suppose we could sit down and try to do an analysis as to how we restrict that. I am sure that would bring us a number of vocal opinions, such as that the government once again was trying to exclude a particular group of people from the occupancy of buildings that are subsidized to a very large extent by federal-provincial funding.

The acute problem in rental accommodation is not only in Toronto, but Ottawa and one or two other municipalities have just about the same difficult situation in rental construction, is balance. When I spoke earlier, I suggested balance was a problem. If we continue, the rental construction vacancy rate will diminish even further, if that is possible, for the simple reason that we are doing absolutely nothing to encourage the private sector to invest in apartment construction.

If you look around this community, around Waterloo or Kitchener or Ottawa, the only time people have been going into the business of building rental accommodation has been where there was either a federal or provincial program or a combination. The private sector is not moving into the market on its own because in its estimation the returns are not large enough. They must be right or there would be a great number of others investing in the market and there are not.

Every time we move to try and diminish property rights in this province, I think it is just one more nail in the coffin in trying to encourage somebody in providing accommodation. There are provisions in the Planning Act for demolition. I want to warn you that it is simply to say we will put legislation in, but people may decide they are now going to board up their buildings and just not rent them because they are no longer viable. I am not saying that is going to happen, but if we look around in other jurisdictions in North America we will see it has happened. It has happened and people with full understanding of what was going on still thought

was the best direction to move in. When they started to find the communities in New York, Baltimore and several others collapsing around them all of a sudden, government—in the United States it was the national government along with the local government—had to invest millions to just go in and clean up properties that had been left for tax arrears when people no longer felt there was any reason to pay the taxes. I am suggesting to you that there are other ways of achieving the retention of certain types of accommodation in the various communities in this province. I do not believe it is in the moving of further property rights. We are looking at other ways of doing it. I suggested that we could very well become participants with the rental sector, the same as we have been with the Ontario home renewal program, in trying to afford them some financial relief in upgrading the buildings to provide for those energy conservation measures and so on. I am not convinced—I say this very positively—that by giving Metropolitan Toronto or Ottawa or any other community the right to further and further reduce property rights is in the long term going to serve their interests or this government's interests or the people of Ontario's interest in getting rental accommodation into the marketplace. I think it will do exactly the reverse.

If I can just draw to the member's attention that it is easy for a municipality—I say this with respect because sometimes they operate under a different type of pressure from that which we do—it is simple for it to implement a private bill to reduce property rights, which will be out on investment for rental accommodation and then come screaming. I use the word "screaming," and we can read examples in the city newspapers of this community and others screaming to the federal and provincial government in wanting to know what we are going to do to afford some opportunity for the construction of rental accommodation which is not taking place.

That motivates the government, because they have done something in a negative way, into finding another program to stimulate some more rental construction. I want to say that we are dealing with the problem, and while there is some of it going on, the number of units we have had to contend with over a period of one, two, three or four years is quite small. I do not have the figures today, but I did have them in the Legislature one day and I think I read into the record the numbers that we are contending with

under the demolition program for potential—I should underline potential because some of them are in I guess legal entanglement—has not been great. For example, the demolition activity—the city claims there have been a fairly large number although it never has been able to verify or confirm where it got the numbers from—the numbers of formerly occupied multiple units demolished are: 53 in 1980, 115 in 1981 and 24 in the first half of 1982.

So the problem has not been that significant. Indeed, I suppose, Ms. Bryden, if we were to look at some of those 53, 115 or 24, we would likely find that they were demolished for a number of reasons that may have had nothing to do with rent. Perhaps it was because the physical condition of the buildings had gone beyond the point where investment in refurbishing them was economic.

Ms. Bryden: If you say that capital is not interested in building houses because there does not appear to be enough rate of return, I am not quite sure why people are buying up Cadillac Fairview houses at a great rate and at high prices.

Hon. Mr. Bennett: You are not referring to houses but to rental accommodation.

Ms. Bryden: Yes. There seems to be quite a market there for it. I have a feeling that it may be a smokescreen, the investors saying there is not enough return under rent control. Naturally, instead of getting 20 per cent return or whatever they are getting under the present arrangements, they would like 30 per cent or 40 per cent. The sooner they can persuade you to take off all rent controls, naturally they will be happier.

You say only a few demolitions have occurred, but there are many housing units that are threatened with it. They are mainly the homes for people who have moderate incomes or who are seniors; or they could be handicapped people who have been there for years. Those people are not being serviced by the new accommodation that you mention has been built under federal-provincial co-op schemes. Generally, those are somewhat above their market level.

Part of your mandate is to provide rental housing for these people who are gradually having their housing pulled out from under them by demolitions. You say that some demolitions may occur because it does not pay to keep on maintaining the buildings and that they need some renovation. I do not see why your renova-

tion program for old houses cannot be extended to old apartments, with some provincial subsidy, in order to provide for the particular segment of the market that is having its housing pulled out from under it by demolitions.

Possibly the city could assist in that as well if you gave it the power to require renovation instead of demolition. That is what they are asking for, so that they can more or less set terms for possible demolition in order that the stock of housing is maintained for those particular target groups, those of moderate income, the seniors and the handicapped.

Hon. Mr. Bennett: I am not sure that we are on the same wavelength here, because the units that the co-ops and the nonprofits, both private and public, provide, answers to a great number of people in our society; not necessarily of whatever incomes you are referring to but they would not be excluded. There would be a percentage of units for rent where something obviously would be set or predetermined, but the balance of units available would be at market rent to anyone who applied.

You know some of the arguments that Cityhome has been into at the St. Lawrence Market. There have been a number of complaints that people with very high incomes have acquired units. That is exactly the housing that I think responds to the problem.

We had a problem in North York. A lady wanted to do something with an apartment. I do not recall all the details, but she was serious enough that she took it upon herself as the landlord of that particular property—I think there were 80 units but I stand to be corrected; there may have been 50, but it was a substantial number—to relocate each of her tenants at a comparable rental level. I realize that not every landlord would take the time and effort to do that.

Let me go to the next one. The mandate of the government is to try to encourage the private sector and others to invest in the building of homes or housing units. Our mandate is to try to achieve as close to perfection as possible. Whether that will ever be achieved I do not think any of us will ever know, because there will always be somebody who feels there is still one individual who should be served; and that is fine.

10:10 p.m.

I fully accept the responsibility of trying to encourage people into investment. It could well be that in the next period of time this govern-

ment, the people of Ontario and maybe the federal government are going to have to become even more active participants in the field of financing rental construction because there sure is no sign, and I mean this positively, of new investment in the marketplace today. It does not make any difference to whom one talks.

Ms. Bryden: Okay. Why not give up on trying to attract that capital and build some houses for this market that is being dehousing by demolitions?

Hon. Mr. Bennett: I suggest that is what we have been doing through the nonprofit housing the private, the public and the co-ops. That is exactly what we are trying to achieve through the Ontario rental construction loan program. That is one of the things we are trying to get.

I want to suggest strongly that it could be we are going to have to go further. Mr. LeBlanc and I met just a week ago yesterday. In fairness to him, he certainly does not overlook the needs of major urban communities in Canada, let alone Ontario. He was very forthright in our first discussion. That does not mean to say we are not going to look at some different way of achieving the numbers of units required in the market.

Ms. Bryden: I think we are falling behind all the time as more demolitions occur. Why not give the city of Toronto a chance to control its particular environment to serve its needs?

Hon. Mr. Bennett: I do not know what you mean by falling behind. I read to you the numbers we have here. If you look at the number of nonprofit, public, private and co-op houses that have been built right here in the Metro Toronto area and, indeed, in the Toronto area, whether it be city of Toronto homes or whether it be through one of the other organizations, you will find it has far exceeded any of the demolitions.

I will admit some people have made applications but they have not commenced for reasons best known to themselves. I would suggest the marketplace is not the best place to be today in trying to design and develop some new condominium developments, regardless of the price level because the interest just is not there. If it is, there is a lot of real estate sitting around that people are not advancing with very quickly. It has already been cleared of either commercial or industrial buildings and is being prepared for condominium units.

Ms. Bryden: I will defer to my colleague.

The Vice-Chairman: I have down Mr. Miller and Mr. Breaugh. I would like to reserve about

three or four minutes at the end to discuss where we go from here.

Mr. Breaugh: Mr. Chairman, I want to bring at a couple of my favourites, some things I think the minister actually does that are rational. They have to do with the various programs you have under renewal activities, mostly following my criteria for good planning, that are shared in terms of developing the concept of how one renews a neighbourhood, a downtown or just a section.

It seems to me that is the rightful role of planning, that one does those things which individuals, businesses or home owners might have a little trouble doing. The programs are basically designed to pull those people together and to work out a co-ordinated effort. There is some sharing of costs. They also seem to be the kinds of things, at least the ones I am familiar with, which have been fairly successful operations. There are good plans.

In my community, for example, the neighbourhood improvement program has been used fairly well and we are fairly happy with that.

I notice that a couple of municipalities, and the latest one I have seen is Thunder Bay, were making mention of the downtown revitalization program. They were talking about whether there was a possibility now to renew, for example, the population size requirements, expand the areas or, from my point of view, expand the financial commitment to continue those programs.

It does strike me that in an economic time such as we are in now, this is a very useful kind of thing for people to do. It provides jobs. It revitalizes neighbourhoods and downtown areas. It provides some incentives for municipalities to carry out this work. I would like the minister to respond quickly to that idea.

Basically I am looking for two things: a little more flexibility in the definition of the programs and a little more money to expand the size.

Hon. Mr. Bennett: Mr. Chairman, I appreciate the honourable member's remarks relating to some of the, I think, very valuable programs that have been used fairly extensively throughout Ontario. Let's say a neighbourhood improvement program came as a result of the community services contribution program being dropped by the federal government. It is rather a difficult situation when you have a partner who all of a sudden disappears and you are left with trying to design a program that will accommodate the demands or the requirements of a municipality.

I really cannot offer any encouragement that

the Ontario neighbourhood improvement program will be enhanced one bit in the coming year. We are going to live with constraints the same as all others. But it has served, I will admit, a very valuable aspect in some communities, particularly in the older areas of a community, in trying to upgrade some of the properties providing parking lots and other things that encourage business.

The business improvement program has been a good one. A lot of small communities have taken an excellent opportunity with the business improvement program to enhance or improve their main streets and provide some off-street parking.

Downtown revitalization has played an extremely important part in places like Sarnia; Chatham, which was just opened a month or so ago; Guelph, where it will have an impact in the next short period of time; Brantford, if we get it off the ground, and I would think that they have a fair investment there anyway, and I trust it can get off the ground; and Cornwall, which has been there two years now. And there are several others, including Sault Ste. Marie.

It is a program that is now virtually winding down. I think that is the one the member is referring to where Windsor wrote and asked us.

Mr. Breaugh: Yes. I think Windsor and Thunder Bay—

Hon. Mr. Bennett: Thunder Bay has already made use of it, so they have the Victoriaville Centre, which was under that program. It is a very large mall, which is having a little bit of difficulty, and that is mainly as a result of the big department store going out of business. That has had a tremendous impact on that rather heavy capital investment by the municipality, the provincial government and the private sector.

Windsor has asked that we change the population criterion and expand it somewhat. That really opens up the door to a lot of problems, and I am not sure whether we have the financial capability at this time to take those problems on.

Mr. Breaugh: If I can just interject, I am really thinking that these programs fall pretty closely within the concept of using municipalities to stimulate employment, as has been announced by both the Minister of Finance and the Treasurer (Mr. F. S. Miller) of Ontario. I am really begging the question. Could some adjustments be made that would bring these programs into line with those employment incentive programs

or whatever we might wind up with in the first part of the new year?

They do provide jobs, they do provide a useful service and it seems to me that in many ways if we could utilize some of that federal and provincial money to redevelop either neighbourhoods or downtowns in communities of different sizes and if we ever get out of this economic depression, we would have done ourselves a great service.

Hon. Mr. Bennett: The one thing I caution on is that the terms of reference that I understand have been set down federally and we have concurred in provincially are trying to utilize the individuals whose unemployment insurance benefits have run out or who are on welfare.

We appreciate that in the downtown revitalization, for example, a very substantial portion of the funding goes into land acquisition, which does not really produce a great deal of employment. I will admit that the structures that take place thereafter and the types of businesses will do so, if you can get them to locate; and I must tell you that a number of shopping areas are having some difficulty renting space today.

I said to Windsor in my reply to the clerk just today or in the last few days that as we are reviewing some of these programs, we will look at whatever is going to happen. I am having discussions right now with the Treasurer, pretty well all on the point that employment opportunities are there.

The Ontario home renewal program is one that we have continued to put roughly \$20 million into each year, and we have allowed the municipalities to do the administration of it and, on the revolving account basis, to keep the money.

There are people who would like us to broaden the terms of reference again, but if we do so, that is going to do one of two things: Either it is going to take a lot more money or it is going to limit it to fewer applicants.

10:20 p.m.

Mr. G. I. Miller: Mr. Minister, may I ask you something along that same line? We have had a request from one or two municipalities in my area. The downtown areas are dying in many of these small old communities. Some business people have said if they had, say, \$500,000 or some kind of assistance to help them get off the ground, they would replace or rejuvenate the downtown area.

Are there funds available, such as you have indicated? Do you support that principle?

Hon. Mr. Bennett: Very much so. That is one area where the Ontario neighbourhood improvement program could apply. I do not know what type of services you are looking at on refurbishing. There is the downtown revitalization program, which is applicable to the redevelopment of the downtown area. Mind you, it takes a major capital investment from the private sector to participate in that.

Mr. G. I. Miller: They are prepared to do that.

Hon. Mr. Bennett: I would need to have a great deal more information as to what communities you were referring to and so on, but I would caution you that, when talking about major downtown redevelopment today, there are fewer and fewer major participants in the marketplace. I am referring to Cadillac Fairview, Campeau Corp., Chartwood Developments and so on.

Mr. G. I. Miller: These are locals. Maybe I could use Tillsonburg as an example. You are no doubt aware that they have got themselves in quite a jackpot but they finally got it off the ground and it is a great improvement.

Hon. Mr. Bennett: That's correct.

Mr. G. I. Miller: These are local people who are willing to put in their own money if they could get matching funds, and perhaps tie in businesses along with apartments, as many municipalities are doing now. The member for Beaches-Woodbine (Ms. Bryden) indicated that here in Toronto they rebuild the old building.

If they were completely rebuilt and combined with apartments in a modern setting, it would also be good for employment at this particular time. We are looking for make-work programs and what better way would there be to stimulate those areas if funding was made available for that?

Hon. Mr. Bennett: We have had funds available for some period under the business improvement program—which basically serves exactly what you are talking about—where they do some facial work, street work, things of that nature. If you have a community that is interested, all they have to do is make the inquiry of the ministry. Eventually, of course, it has to have some support from the municipal council and the business community. It becomes a cost per frontage foot on the taxes to achieve whatever it is they want in the business improvement.

Mr. G. I. Miller: Do you have any information

at I can give them so that they can work from here?

Hon. Mr. Bennett: Sure.

The Vice-Chairman: Have you finished, Mr. Miller?

Mr. G. I. Miller: There is just one other thing. I would like to draw the attention of the minister to this booklet, Agriculture: A Major Industry in Haldimand-Norfolk, financed and issued by the Norfolk Federation of Agriculture and put together by Fanshawe College of Applied Arts and Technology and its Norfolk School of Agriculture, in Simcoe, indicating that agriculture is the major industry in Haldimand-Norfolk and giving a breakdown of the industry being developed in the area.

Votes 2402 and 2403 agreed to.

The Vice-Chairman: Now we have reached the point of something.

Mr. Breaugh: I think we agreed we would do 2404 and 2405 tomorrow morning.

The Vice-Chairman: Right. That is my collection.

Mr. Breaugh: I would even be prepared to take a look at 2406. I think we wanted to keep 2407 for Thursday evening.

Mr. Epp: Yes, I agree. I think we need at least all evening for vote 2407.

Mr. Breaugh: I think we also agreed we would consider the time of the estimates to have expired Thursday at 10:30.

Mr. Epp: How much time is left?

The Vice-Chairman: It would be necessary for us to add some time in order to—

Mr. Epp: Could we get some time tomorrow, if necessary?

The Vice-Chairman: I would be prepared to ascertain that.

Mr. Epp: If we are finished tomorrow at 12:30 with those three votes, then I am prepared to go along with it. If we should extend it a half hour tomorrow, I would not want to decide today we are going to cut ourselves off.

Mr. Breaugh: I am anticipating some little difficulties around here tomorrow. I am prepared to say that by Thursday at 10:30, I would probably be ready to say the time for the estimates has expired. I have no trouble with sitting tomorrow for an extra half hour except that I know I have estimates starting at 10 o'clock and a caucus meeting starting at 10 o'clock. I think we might be a little busy, so we might turn out to be a bit squeezed for time.

Mr. Epp: How much time is left to complete the estimates?

The Vice-Chairman: Six and three quarter hours.

Mr. Breaugh: So by Thursday at 10:30 we will be close to the six and three quarter hours.

Mr. Epp: Could we decide now to start a little earlier on Thursday night? A half hour earlier, at 7:30 p.m.?

Mr. Breaugh: I might have a problem with that.

Mr. Epp: It means we would probably get going about 7:40.

The Vice-Chairman: Would you like to start half an hour earlier tomorrow?

Mr. Epp: I would not mind doing that, either.

Mr. Breaugh: I would be happy to have you do that. I just want to tell you now I probably won't be here until 10 o'clock. I will try to be here for 9:30, but it depends on how many people want to bang up cars on the Parkway in the morning. If you want to start in my absence, if you have things you want to do, I am happy to let you do that. I have no problem with it. You can see a quorum any time you want to.

The Vice-Chairman: All right. Then, we will try to start tomorrow morning at 9:30, to conclude at 12:30 or thereabouts. We will reconvene on Thursday evening at 8 p.m. to adjourn at 10:30, having finished the estimates of the Ministry of Municipal Affairs and Housing.

Agreed to.

The committee adjourned at 10:30 p.m.

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Ontario

LEGISLATIVE ASSEMBLY

No. R-38

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament
Wednesday, December 8, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 8, 1982

The committee met at 9:47 a.m. in room 228.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(continued)

The Vice-Chairman: I call this meeting to order.

Hon. Mr. Bennett: Do you see a quorum, Mr. Chairman?

The Vice-Chairman: I see a quorum.

Mr. Epp: Mr. Chairman, I have some questions for the minister with respect to the rental housing in this province. I presume that comes under votes 2404 to 2406, inclusive.

You recall that you had your ministry prepare a report, *The Impact of Rent Review on Rental Housing in Ontario*, and although I know that rent review generally comes under the Ministry of Consumer and Commercial Relations, nevertheless your ministry did prepare it. I would like to know who the outside consultants were who were retained to do this work for you, how much they were paid and how extensive their involvement was in the report.

Hon. Mr. Bennett: Mr. Lavery, do you want to come forward? Mr. Epp was asking a question relating to that analysis we did on the housing market and who the participants were. Was it the university group?

Mr. Lavery: I did not catch the entire question. My name is Pat Lavery, by the way.

Mr. Epp: Do you remember the study you did, *The Impact of Rent Review on Rental Housing in Ontario*?

Mr. Lavery: Yes.

Mr. Epp: Who were the consultants who were hired, to what extent were they involved and how much were they paid for their involvement?

Mr. Lavery: There were four sets of consultants. The first set dealt with the benefit pay part of our study, which covered the affordability chapter, the redistribution chapter and the security of tenure chapter. That was performed by three professors at the University of Toronto,

Barry Cullingworth, John Miron and Michael Denny. The total cost of that project was \$29,900.

The second set of consultants was for the rate of return study, which is chapter 4 in the study. That was Price Waterhouse, who are our consultants, and the total cost of that was \$79,000.

The third set of consultants were Social Policy Research Associates, who did the data collection work for us on maintenance, chapter 3. Their contract was \$105,901. In addition, for that chapter we constructed a maintenance index, which was done by Dr. Brent Rutherford of York University at a total cost of \$7,650. That was in order to build a single index of all the various dimensions of maintenance.

9:50 a.m.

On the demand and supply chapter we had two sets of consultants. The first one was Professor Bossins of the University of Toronto. We had to terminate that contract for nonperformance within the time frame we had specified. Progress payments to him at the time of termination totalled \$6,434.

Subsequently, we employed Econalysis Consulting Services for a total cost of \$24,280. In addition, for that project there was some programming of the demographic data done by the University of Toronto computing services in the amount of \$1,800; data from Statistics Canada in the amount of \$500; and projections from the Ministry of Treasury and Economics which cost \$8,000. This is covered by contract because central statistical services charge back the amounts to the various ministries using their services.

I suppose the other aspect of your question as to the amount of involvement in some cases is more difficult to specify. In the case of the benefit pay studies done by the University of Toronto professors, they prepared a series of reports to us which formed background material for our in-house drafting of the chapters that I referenced previously.

With regard to the rate of return study, Price Waterhouse gathered and validated the data from the landlords on that for us and the

analysis once again was done in-house. In maintenance, the Social Policy Research Associates were mainly concerned with data gathering and validating the data. Dr. Brent Rutherford was involved in doing the index, but again as in all chapters of the report, the final interpretative analysis was our own.

With regard to demand and supply, chapter 2 of the report, Econalysis Consulting Services built the model and performed the simulations for us and gave us the numerical output and a report that went along with it. Once again, we converted it into the final analysis.

Mr. Epp: This would probably be more appropriately addressed to the minister. For whom was the study done? Was it done for the ministry? For what purpose was it done?

Hon. Mr. Bennett: I will try to give some idea. Due to the market situation we are encountering in Ontario, it was done to back up some of the arguments that have been put forward by the private sector and other interested groups in the rental market. We wanted to know whether the statements we were being confronted with were valid or were more off-the-cuff type of statements. It was done as part of our research and development to know exactly where we stand in a program of rental accommodation.

It also affords us some opportunity to discuss with other agencies, the federal government or other organizations, where we go next in trying to provide a suitable amount of rental accommodation and what it would likely take to achieve that. I would note this applies to the home ownership program as well. The affordability and some of the other statistical information does have some validity in trying to determine whether people are capable of buying.

Mr. Epp: What was the total spent on that? Was it \$250,000 or something around that?

Hon. Mr. Bennett: About \$250,000.

Mr. Lavery: The total cost of all the contracts over both the 1980-81 and 1981-82 periods would be \$263,465, plus \$16,950 allocated to the management services part of our ministry which does not come out of my branch's budget.

Mr. Epp: So about \$280,000.

Mr. Lavery: Yes.

Mr. Epp: It seems to me there was a real hodgepodge of studies going on here. You had one doing a little study here and another doing an old study there and somebody else doing a little study there. Why would you not have somebody doing a complete study on this? It

would have saved you and the taxpayers a lot of money, rather than farming everything out to every group and probably using a lot more ministry personnel in this thing. Everybody would have to meet separately rather than with one group doing it.

It seems kind of asinine—to use that word again—to spend so much money on one study with those separate compartments. I find it difficult to understand why you would even spend the money, particularly given the fact it is really a Consumer and Commercial Relations matter, that is where rent review is.

Second, you have always resisted suggestions in the House by the opposition that you should get involved more in giving incentives in the housing market in Toronto. You felt it was a private enterprise thing and as long as the interest rates were up you should not get involved. In fact there was no commitment you would get involved when the interest rates came down. Yet you spent \$280,000 on a program you were not really that supportive of.

Hon. Mr. Bennett: I think you have to back up just for a moment. I do not think that is quite a correct statement. We have not resisted any such suggestion. The Ontario rental construction loan program surely to goodness was a clear indication of the government's desire to try to find some way of stimulating investment on the part of the private sector.

More than 16,000 units have been picked up in that type of program—more than \$100 million. The renter-buy program was another one that was a spinoff as a result of some of the statistical information we got from that report. At one point we were going to continue with the Ontario rental construction loan program under slightly different or adjusted terms. That was when the federal government invited us not to continue in rental construction; they wanted us to get into the Canadian rental supply program—CRSP.

You say we should have done it under one company. Yes, we could have hired Price Waterhouse or Woods Gordon or any one of a number of firms and said, "Here is what we want. You retain Dr. So and So, or get whoever you want to do this analysis and this analysis and this analysis and bring in the package." I suppose we could be criticized for not making one major contract with one firm to do the whole thing. Obviously the senior staff involved here felt this was the best direction to go, from their understanding of the situation and the people they knew who could provide an analysis of it.

Mr. Epp: So you think the money was well spent?

Hon. Mr. Bennett: I suppose one could always debate whether any money spent on a consultant's report is well spent. At least it gives some indication as to what direction we should be going in trying to design and develop programs from the government's point of view that would stimulate the market.

When you go to Management Board, or to the Treasurer, or to a number of other people, they are going to ask for a little bit of background statistical information that would substantiate \$100 million of expenditure by the government. This applies to investment, if you wish to call it that, in the renter-buy program or wherever else we might go in the next period of time. You and I can agree there is a problem and we should do something about it; but when it comes down to reality, somebody is going to say to me, "Did you have any background statistical information that would concretely prove what are the problems being experienced in the private market?"

I guess that is one of the reasons we get these reports. If I came in here with a seat-of-my-pants decision, there would still be members sitting around asking me how I arrived at that conclusion. You could say you used your own good judgement in analysing the market, through discussions and opportunities of meeting with the private sector and the banking community, the nonprofit co-op foundations and so on, but on many occasions that is not sufficient to convince people.

10 a.m.

Mr. Epp: Why was it decided that your ministry should do it rather than the Ministry of Consumer and Commercial Relations?

Hon. Mr. Bennett: My ministry has been challenged to try to find a way of seeing to provision of a sufficient supply of housing units in the Ontario marketplace, both apartments and ownership units—condominium, nonprofit or whatever it happens to be. We also were asked to try to encourage the private sector and other corporate structures—that is, nonprofit private and public groups and co-ops—to get involved in the housing industry. So if you are going to speak to me about it, you must speak with some knowledge of what the market situation is at the moment.

Mr. Epp: I gather you are quite proud of the report that came out.

Hon. Mr. Bennett: I do not accept the word "proud." I accept the fact there is a report that indicates some of the conditions prevailing in the Ontario economy relating to housing. I do not think I have ever said that about any report. There is no reason why I would say I was proud of it. It shows the reality, to the best of our ability, in the Ontario marketplace today.

Mr. Epp: The reason I asked that is I was wondering why it was quietly slipped into the government bookstore when it came out, as I understand it was, rather than you making an announcement that it was out.

Hon. Mr. Bennett: That is right.

Mr. Epp: No announcement was made so the public would not even know it was there. I think somebody picked it up just by chance, and I remember reading in the paper that it was now available. I wonder why you did that rather than tell the public—a lot of press releases go out with a lot less substantial information—why you tried to hide the report, in a sense. Why did you hide from the public the fact that it was out? Surely to goodness a release could have gone out. You could have said it was available rather than putting it out without any announcement at all.

Hon. Mr. Bennett: We certainly had nothing to hide. It was a document that was there and it was made available through the public library and the government bookstore. It is shown on the list of available materials to anybody who wishes to purchase it. It is not the type of report the average individual would be interested in—I say this in all honesty. You have to go through the whole report and extrapolate from each section exactly how it relates to the marketplace. I am not embarrassed by the fact we put it in the bookstore. It was made as a public document.

Mr. Epp: I am not saying you should not put it in the bookstore. All I am saying is you should have told us it was there.

Hon. Mr. Bennett: A list comes out from the government library indicating all the reports that are on hand for either purchase or distribution to the public.

Mr. Epp: Every other week or so I get a communication from your ministry saying, "We gave this municipality \$3,000 for this project," and listing about five or six or eight municipalities that get \$10,000 a year and \$5,000 a year and so forth. There might be a total of \$100,000, or there might be a total of \$50,000. You think it worth putting out a public relations memo on

that. Yet you spend \$280,000 on a project that has a lot of important statistical information as far as you are concerned. You slip it into the library—I am not suggesting it should not go to the library; it obviously should go there—but you do not think it is important enough to put out a memo saying you spent this money and there is important statistical information the public could use.

Hon. Mr. Bennett: The ministry puts out a number of reports in this category and we do not circulate the fact they have been made available; this is not an exception. You talk about press releases but you must appreciate that we get requests from many smaller municipalities. One has been requesting, let us say, a planning study grant or a housing study grant, and money then goes to this municipality.

Usually the press releases you refer to are strictly for the local press in that community. It is not a general press release that goes to the press gallery here at Queen's Park. It goes specifically to the local press in Oshawa, Waterloo, Cambridge, Ottawa or wherever, and it is a report for that community which has sought a grant through the Ministry of Municipal Affairs and Housing. The two you referred to in specific terms were planning grants and housing analysis grants.

Mr. Epp: On the inside cover of the report it says, "...represents the technical analysis of staff alone and does not indicate policy direction." Could you indicate what the policy direction of the ministry is?

Hon. Mr. Bennett: It was not to be taken as a government policy position. What we were doing was making an analysis of the conditions that prevail in the housing market of Ontario. It was not to be interpreted as government policy. I want to make that very clear, not only to the people in public office at this level or at the municipal level, but to the construction industry or the investment industry. These were not positions taken by the government. It is an analysis done of the market situation and it is translated by these professional people into a report.

Mr. Epp: That is understandable. What is the policy direction of the ministry with respect to rental housing and making more units available in the province?

Hon. Mr. Bennett: You say, "What is the policy direction?" I think if you look back over the last year or two, indeed if you look back even further than that, you will see we have

been a rather active participant in a number of areas.

Going away from the actual direct construction of units which used to be the big program of Ontario Housing Corp., in 1978 it was decided by 10 provinces and the federal government that they would move away from section 58, or whatever it happens to be, of Canada Mortgage and Housing Corp. and that we would concentrate more on the establishment of municipally-owned nonprofit housing corporations, the privately-owned and the co-op groups of people.

The federal and provincial governments directed who would have the responsibility of trying to design, develop and build housing accommodation in the smaller communities of the various political jurisdictions—any of the 10 provinces and two territories.

That is basically what Ontario has done. We have continued to build under OHC in the smaller communities across the province where the possibility of nonprofit or private sector investment is considerably reduced. In the last few years most of the units we have had for rental purposes have come through those sectors as well as through the Ontario rental construction loan program I mentioned earlier today. There we had committed ourselves to construction of a total of 16,537 units in a number of communities.

That rental construction loan program worked well and it worked without any participation by the federal government in a direct loan; however, I will acknowledge one of the things that stimulated the rental construction loan program was that there still was a multiple-unit residential building program at the federal level. This was a tax shelter for higher professional income groups across the Canadian economy.

That worked extremely well. When MURBs dropped out, the RCL program ran into difficulties, as did the Canadian rental supply program, because there were no additional incentives. The amount of money being offered by either the provincial or federal government was not enough to offset the cost of building and maintaining rental units and getting a market rent position for them.

The rental construction loan program has more than 16,000 units. Most of them should be on stream by this time next year. A good portion of them are on stream now and will be on stream by the conclusion of this year, but the balance, I would think, should be by mid-year.

Then we turn again to the public and private nonprofits and co-ops, keeping clearly in mind

the only one the Ministry of Municipal Affairs and Housing has direct control of happens to be the municipal nonprofit. With private nonprofit and co-op the assignment of units is made directly by the federal minister.

As I said in my opening remarks, it is one of the areas where we have continued to seek the federal government's assistance in increasing the number of units allocated for the public nonprofit sector. There is no doubt about it. We have enough applications in from various municipalities across this province—a substantial number from the city of Toronto and Metropolitan Toronto—that we could likely use all the surplus allocations that will come about in Alberta and British Columbia. We will ask Mr. LeBlanc to look at that opportunity in the next few weeks; I want to stress the next few weeks because it goes much beyond December 15 to December 20.

10:10 a.m.

I am not sure the system has the capacity to work quickly enough to take up the units that might be surplus in the west. We have asked him to reassign those units to Ontario. Whether he will or not, only time will tell.

But over the last year, we have had 2,400 or 2,600 in public nonprofit—what was the number?

Mr. Pitura: It will be around 2,800.

Hon. Mr. Bennett: And in the private nonprofit and co-op?

Mr. Pitura: About 4,600.

Hon. Mr. Bennett: That has been the strategy for the last number of years.

I want to draw to members' attention, though all of you likely do know, that in the nonprofit category we have the right to take up a percentage of the units through the local housing authority for rent supplement purposes—for families and/or for seniors. Under the Ontario rental construction loan program, we have the same opportunity through our housing authorities to take up to 20 per cent of the units there as well.

In some cases they did not need them and in others they have taken up a percentage of the units, but they still have the right, for the period of time of our interest-free loan on those buildings, to take up to the maximum when they are available. They did not take them in the original instance, in some cases because they did not have applicants that would qualify for the type of unit.

That is the direction we are going in. What will happen in the future? We will discuss some

of the situations with the Thom commission that was established here a few weeks ago. I hope the Thom commission will do a fairly extensive analysis of what has happened, not in the last 12 months in the rental field but in the last 10 years or thereabouts. However at this time I do not know his full assignment. I have not met with Mr. Thom, but I anticipate the deputy and I will have an opportunity to meet with him over the next few weeks. I hope his analysis will give a very clear indication to all of us exactly where we are and where we are likely to be in the next period on rental construction and on ownership.

Some people would tell us they are fearful that we are going to move so rapidly into some rental areas that we could distort the market. I do not know whether that is possible. To distort the market in Toronto or Ottawa we would certainly have to be hell-bent for election on construction.

But in some communities one major building could very easily distort the market. We witnessed that in Thunder Bay a few years ago when a major construction program was launched. When the building was completed and put into a rental position, the vacancy rate in that community went up astronomically. As a result it distorted rents for a period. That situation has been corrected. In Thunder Bay we have been fairly active for the last little while with the nonprofit housing program.

Where am I going in the future? We are in the process of reviewing that very situation. That was a part of my reason for meeting with Mr. LeBlanc a week ago.

Mr. Epp: Are you going to look at this as part of the Cadillac Fairview problem? You just indicated you are going to speak with Mr. Thom. How much money are you thinking of putting into the pot to give some kind of incentive to build rental housing, principally in the city of Toronto but also in the rest of the province? As you know, we have only about a 0.5 per cent vacancy rate. There may be some municipalities where it is much better than that, but a lot of them are right around the 0.5 per cent. In my municipality, I think it is around that. In Toronto, it is about that. In Hamilton, it may be a little better but not much. In Windsor—

Hon. Mr. Bennett: Windsor is way out of line, that is high.

Mr. Epp: Windsor is fairly high. I do not know whether it is around six per cent or what it is, but—

Hon. Mr. Bennett: Six to eight per cent.

I am not prepared to say in dollars and cents the extent to which we are going to get involved, but a great deal more time and effort is going to have to be put towards it not only from this government's point of view but from the federal government's. I am sincere in saying I think we have to be in step with whatever program is put out.

I was serious when I told Mr. Cosgrove at the first of the year I thought the Ontario rental construction loan program was a good one. I thought there was some real value to be received by all governments, and more particularly the public, if the federal and provincial governments could find a way of being jointly involved in the rental construction field. However, Mr. Cosgrove suggested the federal government wanted to be alone in the provision of rental housing. They did not want to be in a participating program with a province, namely Ontario. So we backed away from that.

We realized the other area that had to be serviced was renter-buy—that we should try to induce people to come out of rental accommodations and into ownership. Let us say if we could get new family formations to buy a home rather than going to rental that would also resolve part of the problem. Mr. Cosgrove at the time said he would deliver 10,000 rental units to this province under the Canadian rental incentive supply program. The number is considerably down the list from that.

It just did not take off, I repeat, because it did not have some of the characteristics that would make it a viable deal for an investor. If the multiple-unit residential buildings program had stayed around, I have no doubt CRSP would have worked very effectively. But the MURB program did not say around; it was put out of existence by the former Minister of Finance. As a result, CRSP, in fairness, just could not find enough money.

Then when developers started telling Mr. Cosgrove—now Mr. LeBlanc, because he has not been involved with it that long—that to get a rental construction project under way might take a subsidy of as much as \$18,000 to \$25,000 per unit, I think you will appreciate that the government decided to back away from some of it.

Mr. Epp: That is almost half the unit, because a unit would be—

Hon. Mr. Bennett: It would be around 40 per cent. But it was all predicated on how much the marketplace could stand in rentals, what is the maximum you can possibly get in the various

physical locations, whether it be in this community or whether it be in other parts of Ontario where rental is required.

The developer knows very well what the economic rent is, economic rent being the cost of construction, maintenance, management and all the other costs that are put into it. And he knows the market rent is likely \$200 to \$250 per month per unit less than the economic rent. That is why he needs such a heavy subsidy to produce the units.

When I had discussions last week, the feds had indicated a clear takeover—not applications; I am talking about takeover—where they had approved the applications in the range of 3,200 to 3,500 units. They did not commit themselves, but they think they might get to 7,500 by the end of this month in applications. I am not sure that means approvals. At the same time our renter-buy program as of today will likely be about 10,250 units, and I think it was about 12,000 purchased units by the end of the current year.

The statistics there are interesting: about a 50-50 split between people moving out of rental accommodations and those who are new family formations or first-time purchasers who have never rented before or never rented, period.

10:20 a.m.

Mr. Epp: Some of the landlords have said from time to time that if they were able to get a higher return on their investment—in other words, if rents were to go up—then of course they would get more involved in building units. The minister was quoted as saying a year ago that rent increases should be tied to inflation.

Hon. Mr. Bennett: I do not think I said “tied to inflation,” but “related to inflation.” There is a great difference.

Mr. Epp: The Toronto Star ran a story about a year ago, which started, “Rent increases now held to six per cent have to be tied to the inflation rate, Ontario Housing Minister Claude Bennett said yesterday in Kingston.”

Hon. Mr. Bennett: That was a report from a Housing and Urban Development Association of Canada meeting, was it not?

Mr. Epp: I do not think it says here.

Mr. Breagh: If it said “tied to inflation” it probably was a HUDAC meeting.

Hon. Mr. Bennett: No. HUDAC has heard me say a few times things that it does not really like to hear me say, but that is neither here nor there. I try to give a very frank opinion on how I see the situation. I had said that I think rents should

have some relationship to inflation. One cannot expect a landlord to be in a losing position.

I do not care who the landlord happens to be, or whether it is the Ontario Housing Corp., which controls something in the range of the 90,000 units. Our costs of operation go up when oil, power, insurance and taxes go up. We do pay grants in lieu of full taxes, but when our maintenance costs and Canadian Union of Public Employees contracts go up, we are not any different from the man in the private sector: if he spends a buck, he has to find some way at least to get another buck back into the till to cover it.

Both Mr. Epp and Mr. Breaugh know the argument as well as I do; one of the things we have is people who say: "I have \$100,000 invested in this building. It is a 10-unit building." A retired gentleman came in to see me. He has the building paid off, he is not allowed any return on his equity and his feeling is that he is now in a losing position. He is in a direct losing position.

People say the land is appreciating. Well, it is like during the Depression, when people had a hell of a lot of land but they could not put a pound of butter on the table; it did not really resolve their economic problems. That is why people are very reluctant to get very close to the market today, because they cannot get a return on what they consider to be an investment in the property.

Mr. Epp: Nevertheless, according to this article, the minister did say that, and I am just wondering whether he still believes that or whether under the present conditions he has changed his mind. What are the minister's feelings about it?

Hon. Mr. Bennett: If the member is asking me how I see the problem of the landlord in relationship to it, I still think he is confronted with the problem that if he does not get to tie his increases somewhere to the rate of inflation, then eventually he will be in receivership and we will be into another round of problems. I guess that is why I see it as a fair situation that an owner has the right to go to the rent review board to secure a rent increase that is in excess of six per cent if it is necessary to maintain his unit. I am not going to deny that.

I would have to be not very realistic if I could see people wanting X per cent increases in pay but felt the landlord should be the excluded character in the equation of our society. The fact is that he has an investment. He does serve a social requirement and he should be entitled—

and I am using the pronoun "he"—to some return on that investment. Either that or, like others, he will remove himself from the marketplace and allow the government to become the sole supplier of rental accommodation. I do not think that is the right direction to be going.

Mr. Epp: One of the problems we have in Ontario, as they have in other jurisdictions, is the shortage of accommodation for seniors. Is there any particular direction that this ministry is going with respect to providing additional accommodation for seniors in this province? Does the ministry have any special studies under way? Is it looking at that as a separate problem, or does it see that as a problem included with all the other problems in the housing area?

Hon. Mr. Bennett: Let me put it this way. We see it as part of the overall housing requirements of the province. While we zero in on seniors, people who are 60 years of age or older, a fair number of the nonprofits we are seeing today—those under the assisted rental program and the private assisted rental program—were designed to accommodate seniors.

Could we use more accommodation for seniors? I guess we could use more of all types of accommodation in this province. Let me draw attention to the fact that we have to be a little cautious. It is great to go on producing and producing, and I can talk about producing, but it can be only within the unit allocation limitations provided by the federal government to this province.

This year, as the member will see in our estimates, our costs are just short of \$300 million and are rising at the rate of about 18 per cent a year. That is on the current stock, not on whatever new stock we happen to bring on stream under the rent supplement program.

I am cautiously approaching this situation at this moment because the new federal minister, who appears to have a slightly different appreciation of the situation, could very well be recommending some changes to his government. I am not saying he will do that. I am saying that in the discussions I have had with him, he indicated to me that he may not move as aggressively into the marketplace as others have in the past. Mr. Ouellet, for example, was a very aggressive individual in trying to get the allocation factors up. That is just a comparison.

Mr. Epp: I want to ask some questions with respect to the Ontario Housing Corp. From time to time, the minister has indicated that he is the

second biggest landlord in North America. I notice that some people do not like landlords; so I suppose it follows that they do not like him. I think his colleague—

Hon. Mr. Bennett: Now do not get things started this morning.

Mr. Epp: I have some good friends who are landlords, and I do not feel that way about landlords. But I believe the minister has somewhere around 93,000 units—

Hon. Mr. Bennett: I think we should have a week that recognizes the significance of the landlord in the Canadian economy.

Mr. Epp: Why not become a private member and bring in a private bill?

Hon. Mr. Bennett: For which?

Mr. Epp: To have a recognition of landlord week in Ontario.

Hon. Mr. Bennett: National landlord day.

Mr. Breaugh: I cannot believe this.

Hon. Mr. Bennett: Is Mr. Breaugh going to move to second the bill?

Mr. Breaugh: I do not think so.

Hon. Mr. Bennett: Let me interject. I think it was the member for Beaches-Woodbine (Ms. Bryden) who mentioned last night that there is a fairly controlled market. But one thing we lose sight of is that in this community we see the big concrete filing cabinets sitting around, owned by Greenwin or whoever else it might be, but on the Ontario scene they are not the predominant landlords, not by a long shot.

Mr. Epp: There are lots of small landlords.

Hon. Mr. Bennett: That is right. Our vision has become so tunnelled that we think it is strictly those big buildings that control everything in the province. That is a long way from the actual fact.

Mr. Epp: They do not control; they influence—

Hon. Mr. Bennett: Within this economy, being Toronto—

Mr. Epp: Toronto and outside, but more so in Toronto.

Hon. Mr. Bennett: In the member's community, I doubt that they influence to the same degree that they do in Toronto. In my community, obviously they do have influence in the heart of the community but not necessarily on the periphery of Ottawa. In certain sections of Gloucester and Nepean, there have been large projects by Minto Construction and people of that nature. I am sure that in the riding of

Stormont, Dundas and Glengarry they do not influence the marketplace.

I am sure that in some parts of this province, there are landlords who could not get six per cent come hell or high water, but in this community it has a wholly different aspect.

10:30 a.m.

Mr. Epp: The thing is also changing simply because the vacancy rate is so low in other communities. There, they can ask more.

Hon. Mr. Bennett: That is partly right, but even those landlords who are in low-vacancy areas are admitting today that they cannot get rents that will equal the cost of their operation. If we travel west of this community there is a firm by the name of Kaneff Corp. which has major buildings all through the Mississauga area. Kaneff indicates to us that, in terms of what it takes to make a building operate, even in a tight rental market he is having trouble renting some of his buildings—

Mr. Breaugh: Can I just interject? What explanation does the minister get from developers as to why they are not proceeding with apartment buildings, particularly rental accommodation, even though they are not covered by rent control, since that part is not at present. I can understand the argument, from their point of view, when they are dealing with buildings that are covered by rent control. It seems to me they have got some points they want to make there, rational arguments at the very least. But when I am in conversation with them, what always confuses me is that new construction is not covered by rent control—

Hon. Mr. Bennett: Correct.

Mr. Breaugh: —and their arguments about not being able to recover their costs and all that do not apply, it seems to me. They do not seem to have much in the way of a rational argument for supplanting that either. Among the ones I have chatted to about this kind of thing, their fallback position is, "The problem is money; the cost of borrowing money to put up these projects is astronomical, even with rates declining somewhat now," and they seem a bit unsure.

In my area, which is typical of Ontario, rental accommodation has got to be at a premium. The vacancy rate is 0.04 per cent; so there is obviously a market there. It is an expanding community, and throughout the region of Durham there are parts that do have some rather substantial expansion in rental accommodation. In my own community there is nothing. I have not seen a new apartment building go up in

Oshawa in three or four years. It is very limited in that regard.

There does not seem to be much of a rational approach on the part of the development industry to do that. I guess they are pinpointing markets and they are saying that in our area, if you are in the development industry, you are looking for a very specialized kind of market now; that is high-priced, single-family accommodation. That may be a reflection of the fact that we had a glut of other kinds of housing in the late 1970s.

Is the minister getting much of a rational argument from the development industry per se as to why it is not proceeding with new rental accommodation not covered by rent control? What is the reason behind that?

Mr. Kolyn: May I just add something to what the member for Oshawa is saying? It seems to me when we are talking about new apartment buildings, the Cadillac Fairview sale has brought to mind why Cadillac Fairview was selling basically at \$25,000 per apartment. The buildings were built in the early 1960s and they are well constructed. The people I have talked to in the housing business are saying the price of building apartment buildings now, putting them on stream, is somewhere around \$60,000 per unit. As the minister was saying, Kaneff in Mississauga has been putting up some condominiums there.

Can the minister give us any figures? If it costs \$60,000 per unit to build an apartment building, what kind of rent would a developer have to charge in the light of the fact that land costs in Metropolitan Toronto are exorbitant—which I think is unique for us—as well as construction costs? Even without rent control, would the rent be \$700 or \$800?

Interjection.

Mr. Kolyn: Around \$800 or \$900? Who can afford to live in these places for \$1,000? I do not know of anybody in my circle of friends who can afford to spend \$1,000 to live in an apartment today. That might be part of the problem. Is it? Are those figures fairly accurate?

Hon. Mr. Bennett: Let me go back to the member for Oshawa's comment on why we have this lack of interest out in the marketplace by the private sector. I have talked to all kinds of people who are in financing and the development industry. Some might even be in the speculative business, although there are damned few of those left in the marketplace today.

To be honest with the member, one of the

things that upset them is the uncertainty. They wonder, if they build a building today, whether they will be included under the rent review process some day down the road. That strikes fear in their hearts. They say, "Why should I participate when I do not even know what the long-term ground rules are?" In baseball or any other sport there is a rule book that tells one exactly what is going to happen and, unless there can be unanimous agreement for a rule change, it does not happen. The rules will go on for a long period of time.

Mr. Epp: May I interject here? That may be true but the fact is that rules are changed in all sorts of things. They really are. I am not saying they should not be changed. All I am saying is that the federal and provincial governments give incentives today and take them away tomorrow; they make rule changes one time and then change them back. The provincial and federal budgets have done that.

Hon. Mr. Bennett: But when you can play in other fields—

Mr. Epp: All I am saying is this applies not only to the housing market but also the industrial market, the tax incentive market, etc.

Hon. Mr. Bennett: I can play in other fields where I know what the ground rules have been for the past number of years and they have not altered. I can go into a bond investment or other types of investments and not have to live with the fear that at some date my unit could well be put into a situation where I virtually lose. That is their opinion and that is what I am dealing with.

The member asked me what problems they have out there. It is the fear that they are going to be rolled into something and they will have lost again.

The problem is very clear. The private investors are as smart as anyone in analysing the market as to where their best return will be on investment. They usually look at markets where there is a market, where they do not have to go in and beat the bushes to try to fill their units. When they look at a vacancy rate such as in Toronto, where it is half of one per cent, or in the member's area or in my area, which are basically in the same range, that would indicate to them that there is a very high potential for renting those units and that they should be able to get a return on investment.

But when they do all the calculations, nothing makes sense. There is the cost of construction, and actually one is in the \$60,000 range. There is the price of land, and it can be some they have

retained for a long period of time. If they have, they likely are writing it in at a very low value to make the thing more workable.

They look at lot levies or other imposts some municipalities are charging. Let us not overlook that in the major areas where problems exist, some of the impost charges are rather astronomical. The member knows some of them, and there are some west of this community as well.

When they look at all the other factors involved—the cost of money, maintenance management and so on—as Mr. Kolyn has said, all of a sudden they wind up where they have to be getting \$900 or \$950 a unit. They just know the market will not stand that pressure. They cannot find the clientele to fill up those units.

Coming back to the member for Waterloo North's question, that is why the federal and provincial governments, whether they like it or not, had to get in with things like the rental construction loan program, the Canada rental supply program, the multiple-unit residential buildings program, the assisted rental program, the private assisted rental program, the non-profit programs and whatever other programs we have to try, through government subsidies, to write down the capital investment and the amount of debt that must be serviced to bring rents down from what has been an economic rent—as I have said, that could be \$800 or \$900 a month—to a more moderate position in the range of \$600 to \$650.

We both mentioned Kaneff. I know his buildings are very interesting, nicely designed and well located in the community; but from my discussions with him and others in the industry, I wonder at times how they can find a sufficient number of people to pay the \$750 per month charge for rent. We are talking about apartment buildings, not about luxury condominiums.

If one went out to Mississauga and looked at the people who are tenants in those buildings, one would have to think that they are in or slightly above the middle-income level. They sure are having problems—that is, the developer or the owner of the apartments—trying to keep the rents at a level that will induce people to come and live there.

I cannot answer it any more clearly than that. They just have a very genuine fear for their investment and a fear for what the future holds for them in the rental market, which they do not have in some other aspects of our life.

10:40 a.m.

Mr. Breagh: One of my concerns with this is that all around Metro—and I imagine the same

is true in the minister's area; I know it applies in York and Durham—there was a phenomenon that occurred during the late 1970s.

When I first went on council and did planning matters, we would be looking at subdivisions normally of 30, sometimes 100, maybe 150 units. When I went to the region in 1973 and 1974, we discovered this phenomenon where we were looking at planned units of 1,500 or 2,000 units. These involved major developers; they had purchased large tracts of land.

At that time, I remember there were offers to rebuild the whole sewage treatment system for the town of Bowmanville. They were even prepared to put in rinks. There was no limit to what these guys were prepared to bargain in order to get approval for plans. Many of them then got plans. The net effect in my whole region and virtually around Metro now is that this stuff is all locked up and put away. The plans are approved and the proposals were made, but nothing is happening.

Hon. Mr. Bennett: One thing that is happening is that those same fellows who were making applications for high-rise residential construction, the same characters, are back now in various municipalities looking to down-zone into single residential or townhouse, garden-home types of developments, because they see no return, and the cost of doing it is out of the window.

The member and I both know that their land costs have been locked in for a long period of time, save and except whatever carrying charges they have, and most of them did it on a share basis rather than on a capital basis. They have had their municipal taxes and a few things of that nature, but they now see that they can move out of the field with some potential of return by getting into single-family construction rather than into high-rise residential or condominium.

Mr. Breagh: The difficulty I have is in trying to track this whole giant as it moves through my region and other regions. I am not very comfortable with any solutions that I see.

For example, the minister mentioned the levies. We put impost levies in our area because we had this tremendous amount of potential for development. It was clear to us that we could go one of two ways. We could bankrupt our own communities by providing the services, or we could adopt a system that said, "Okay, if you are bringing new development in, it is pay as you go." We developed a levy system that enabled us to take the development and not bankrupt the municipalities in our area, because it was rela-

tively self-supporting. For many of them the money has never materialized, because they did not proceed with it. They said: "Oh, wait a minute. We don't want to do that."

To follow the consequences of the thing, it appears now that governments at two levels are talking about moving in to subsidize these units in some way. Nobody is very specific about exactly how it will be done. It appears that no matter which way governments turn, we are all going to wind up subsidizing these developers anyway. The choice we made was not to subsidize the hard services; so that blockade was put up. But they still do not have to proceed and will not proceed until something turns around that makes it a little more favourable for them to proceed with it, and it probably means that the old taxpayer is going to wind up subsidizing the developers in some way at some point.

I am not afraid of that concept; the only reason I am unhappy with it is the scale of it. In my region alone, I am not sure the province could afford to move to bring those units on stream because of the size of the developments that are there.

Look at Consolidated Building Corp. and its concept of what the little town of Brooklin ought to be; that is a little astronomical. The same thing is true in Pickering, although there is some movement there now with some construction under way. In Bowmanville, those plans are still there; I am not sure how active they are. In Oshawa, there are a number of proposals to proceed with fairly substantial developments.

If all that stuff comes on stream in short order, the province is going to have a financial problem. I am not sure we can afford to finance these programs.

Hon. Mr. Bennett: I guess we have a problem going in two directions. First of all, we have that problem. We would also have such a glut of units on the market, if they were all to come on in a period of 18 months to 24 months, that we would have everybody, including the investors, staggering from the impact on the marketplace. That is why I think that if governments do get involved—and I want to underline "do get involved"—there has to be a strategy so that we do not find we have financed so many that we eventually wind up being the owner, as we were with McLaughlin Square.

The member will appreciate that since 1975 or 1977, the percentage of housing accommodation, living units on government support has constantly increased to the point where we now participate in some way, shape or form, feder-

ally or provincially, in supporting about 95 per cent of the construction of residential rental units.

Mr. Breagh: It is pretty clear that will be the pattern in the foreseeable future. Unless there is participation by one or two levels of government, not much is going to happen. Is that the minister's projection?

Hon. Mr. Bennett: I would be less than honest if I told the member that there is any optimism in the private sector today about building rental accommodation without somebody—and that somebody obviously has to be either the federal government or the provincial government—being there as their cushioner or comforter, because they just see no potential of return.

I have no objection about lot levies or impost charges, but I think we have to become realistic. We cannot start trying to project to the future on all the soft costs and everything we are talking about. We have to be more realistic. When they start to say, "We are going to start charging for the firehall, for the police station, for garbage service, for this and for that," you have to ask yourself, "What is the general tax for?"

Mr. Breagh: Just to pick up on this a little bit, a number of municipalities around Toronto were faced with the proposition: either you go to some kind of impost charge or you do not allow the development. There was no choice in the matter. In my community and throughout the region in which I live, as well as in all the regions around Toronto, there was no decision to be made except to say, "Either continue with the planning process and allow these approvals to proceed with an impost charge or nothing goes."

We were not looking at what had been a normal developmental pattern. We were looking at an invasion of major development corporations with large-scale proposals that, without question, would have bankrupted the communities. There was no choice.

Mr. Epp: The question was not whether there should be an impost charge. The question was what should be included in that impost charge.

Mr. Breagh: I beg to differ. Some municipalities were silly enough to say it was only hard-service costs that were involved here. You can be dumb enough and get away with that for about a 12-month period until the units are up. Then those people would be banging on your door asking where their school is, where their

firehall is, where their rink is, where their library is.

It was inevitable. If the municipalities had been silly enough to say that it involved only the traditional hard services, that would have been a defensible position for about 12 months or maybe 18 months. At the end of that time, it was inevitable; you would have been socking them for everything else.

There is no way you are going to get people moving from Metropolitan Toronto into regions adjacent to Metro and saying they do not need a firehall, a library, a rink, a school. Those people demanded those levels of services.

Quite frankly, the development industry went whole-hog in its promotion of those communities. They said you would be moving into a new, modern, well-planned community with all kinds of services. In their advertising campaigns and on-site promotions, they were showing the rinks, libraries and all of that in place, even though they would not be built for a couple of years.

If you bought a housing unit in Pickering, Bowmanville or Oshawa, you were buying under the assumption that all those facilities were going to be there. It was part and parcel of the promotion and part of the reason you paid in those days \$70,000, and in these days \$90,000, for a house.

Mr. Epp: Can I get back to my original question? We have digressed somewhat from it. It has to do with the Ontario Housing Corp. and the fact that it is the biggest landlord in the province and, I believe, the second biggest in North America.

I understand that the rents on some of the OHC units in Northumberland increased by 48 per cent within the last year. Do you think that is setting a good example for the industry across the province? That is one area where it has increased. It has increased in other areas more than six per cent, or 10 per cent, or 15 per cent.

10:40 a.m.

Hon. Mr. Bennett: I am going to be very clear. We are a rent-geared-to-income type of project. We are excluded from rent control for the simple reason that we have always been under rent control by the income factor. The rent is a percentage of the income. That was the agreement made between the federal and the provincial governments many years ago.

I explained to the Legislature some months ago that we got into a hell of an argument with the federal government over an action that was taken back about 1970 or 1971, when Mr. Basford

and Mr. Grossman were ministers reporting for housing at the federal and provincial levels.

There were some rather substantial increases made in the pension payments to seniors at that time. As a result, the rental factor changed substantially. The ministers, for good political reasons—I am not being so naive as to feel the federal election around the corner was not part of it—changed the percentage factor for seniors' calculations.

We in Ontario continued with that rental factor for a long time, up until 1980 when it blew up. I, as the minister reporting, was told that we owed the Canada Mortgage and Housing Corp. \$12 million for the previous year's shortfall in calculations. In other words, we had not gone to the 25 per cent level. They overlooked the fact that it was a mutual agreement back in 1971. We eventually worked it out with Mr. Cosgrove.

We recognized the original agreement. We recognized why things had been handled as they were in 1971. We recognized that there had been no change or adjustment made since that time and that other provinces were continuing to pay on the rent-geared-to-income formula that we should have been on. We said we would alter that over a period of two or three years. We would step it up, at one per cent per year, until we achieved the 25 per cent ratio again, as was the original agreement.

That is where we are. Regarding what Mr. Epp is speaking about, I do not know what circumstances would cause somebody to go up 46 per cent. If he or she or they happened to increase their income—we had a lady in one of our senior citizen homes who won the million-dollar lottery. Her income has substantially changed from the time she went in there.

Mr. Epp: She would not stay in that unit then.

Hon. Mr. Bennett: We had no reason to expel her.

Mr. Epp: Her new income.

Hon. Mr. Bennett: There is where you and I could get into a real rip-roaring argument with Mr. Breaugh about what to do with that lady. All of a sudden, this windfall came her way.

Mr. Epp: You could not do it overnight, but you could do it over a period of time, particularly if she showed a bank balance. If she gave it all away, then no; but if she invested her money and was getting 15 per cent—

Hon. Mr. Bennett: We are allowed to keep 15 per cent of the units in the Ontario Housing Corp. in public housing at what we will call a market rent position for people who would pay

equal to market rent and still be able to pay more. We are allowed to have 15 per cent of our units in the portfolio—

Mr. Epp: Did she stay in that unit?

Hon. Mr. Bennett: I recall the discussion and I understood her intention was to stay there. She was comfortable and felt dear knows what would happen if she wandered outside of the confines she was accustomed to and away from her friends.

Mr. Epp: Sometimes these people find that their new winnings cause them more problems than they provide solutions.

Mr. Kolyn: As a supplementary to what Mr. Epp was saying, we have a bit of a problem with the empty-nester type, people who went into OHC with two or three children and now the children have left and they are on their own. We are having trouble getting these people to move out so we can get other needy families in. Have we been able to resolve some of these problems?

Hon. Mr. Bennett: Some of the problems, yes; not all of them. I suppose one of the problems that we have to be aware of is that the easiest thing to do is to expand conditions or the eligibility guidelines for public housing. On the other hand, if you expand them, you are increasing the anticipated or potential number of people who can make an application and qualify.

It appears to me it does not make much difference which way we go. There will be criticism anyway. We will never have enough units. That is one of the arguments. The other is, as Mr. LeBlanc said the other day, "If we continue to expand the opportunities, how do we ever expect to resolve some of the problems?"

The empty-nester policy has been a difficult one for the Ontario Housing Corp. and I say that very sincerely on behalf of the board of directors. They have not taken it lightly. They would like to find ways of resolving the problem. In some cases, individuals, whether male or female, who become empty nesters have understood very clearly what the terms of reference were and why they were there and have taken their notice and moved to some area of the private sector. Others have taken the attitude that they have always been there and are accustomed to their living conditions and would like to stay.

We try to keep some degree of understanding of the problem and consider the age of the individual. If we can find a single, or an apartment unit or something, we try to facilitate this a little bit for them. But we cannot accommodate

them all, and I think we have to be very honest about that.

Mr. Kolyn: You came out with a very interesting proposal earlier in the spring to do with accommodation on arterial roads in Metropolitan Toronto and other places. We did a bit of a survey on whether we could bring them up to the building standards and the fire code and such things. I think you also had a proposal that we might go into joint ventures on government lands for apartment buildings and so on. Have you given any more consideration to this? Are we maybe going to head in this direction in the future?

Hon. Mr. Bennett: I suggest to the committee that over the next few weeks—I would say by the latter part of the first month of 1983—I hope the ministry will have put together a comprehensive picture on how we might attack some of the problems. I shall, in answer to Mr. Epp's question, try to put a price tag on it if our government, or this government and the federal government, or this government, the federal government and municipal government have to get involved.

One suggestion was that we might utilize the second storeys of some of our small shopping centres which might have been office accommodations. With a little bit of renovation, they could very well become very valuable residential units. We could go to places like Bathurst Street, Eglinton Avenue, Yonge Street and take those second-storey and third-storey floors, which have been sealed off for X years and likely have fire-safe heating, and put them back into a usable position. Many seniors, in particular, would love to live downtown where the traffic is. Some single-parent families would also like to be downtown, mainly because of convenience to their place of employment. This is an area we shall be monitoring very closely.

Is there any federal, provincial, municipal or crown corporation property that could be used for development? I am positive there is, positive to the point where I guess you and I could look at sites not too far from this location which could make fairly interesting residential structure opportunities for us. I think there are air rights over the Toronto Transit Commission property and over other structures that could be used.

I look in downtown Toronto, for example, and see some lands owned by the municipality and by this government that, in relationship to the adjacent property, are rather dwarfed. Why could we not put some extra floors on? Again,

one has to know what the engineering capabilities are and about the structural foundations and so on.

I think there are a lot of opportunities, but I will tell you without any fear of contradiction it is going to take a fair piece of change, a fair piece of financial action by governments. I do not see the private sector wanting to move on its own.

Mr. Kolyn: All I am suggesting is that, if we have to get involved, would this not be a good vehicle for us to get involved in instead of just giving them grants all the time?

11 a.m.

Hon. Mr. Bennett: Yes, it will do a couple of things. It would increase the land value, which in turn has a rather interesting effect on municipal taxation. I think, to answer the questions that have been asked by previous speakers, it increases the potential use of some lands in the downtown area that have been underutilized for a period of time.

It does it without, I trust—and I want to emphasize this—I trust a great deal can be done without getting into any real arguments over zoning changes. In some areas we are going to get into that argument, and I am one who said that I think there are some major private homes in various parts of Toronto and other cities across the province where there are seniors who own and live in a home either as a couple or individual who find their position financially difficult. In other words, asset rich and cash poor. That home could easily be divided into more than a single living unit and be put into a double living unit, thereby having some financial return for the owner plus providing accommodation for someone in the established community.

The other thing it does is provide a little bit of company for the senior who owns the home. I think there is a social benefit to be gained as well. But I am cautious, having been on council like most members around here. The moment you suggest in any community that you are going to increase the density there is going to be friction, because the person next door, who is not interested in developing, subdividing or making a division in his home, is going to object.

As we discussed the other night regarding group homes, I think there has to be a real sales program put on. I do not think this government or the federal government alone is going to be able to answer all the housing problems. It is

going to take a co-operative effort and that includes the public of the province.

If I could just go back to one thing, you asked me the question about increasing rents in some community.

Mr. Epp: Northumberland; 48 per cent.

Hon. Mr. Bennett: Of what?

Mr. Epp: A 48 per cent increase over the year before.

Hon. Mr. Bennett: Yes, but of what? If somebody was in there—I would like to get it so there is no misunderstanding—let us say, the way we deal with people who are on welfare, which gives us a minimum rent. Then they obtain a gainful employment the following year. The change can be, I think you will appreciate, rather substantial.

Mr. Breaugh: How about this one? A couple of senior citizens who are on a Gains program, with a monthly income of \$1,202. They are eligible for provincial Gains and pension income has increased in accordance with cost-of-living increases. Their rent had been \$214 per month since February 1, 1982, when it was increased by \$32 per month, which is 17.6 per cent. They have just been given notice of a \$50 per month increase to bring it up to \$264 per month effective February 1, 1982. That is 23 per cent.

I understand both sides in this argument. My difficulty is, this would all be fair and reasonable if these were not people who needed geared-to-income residences, but they do and we put them in there. Then we go back—and my own housing authority has done much the same thing, not quite this high but a substantial hike—we are going to people on fixed incomes and saying, "We have costs that we have to pass through here."

It is not difficult to understand both sides of the argument. The housing authority is saying, "We have increases in costs here and we are going to have to pass them through." There is no rent control on the buildings; it would be just a dandy argument if you were not dealing with people on fixed incomes.

Hon. Mr. Bennett: You will agree that still gives them a disposable factor, over and above the rent, of \$792 per month.

Mr. Breaugh: Yes. This particular example is probably one which you can handle in some way. There is some unfairness there. The ones where I feel a little more pain is being felt are people who have children, who are welfare recipients or have some kind of disability pension.

Hon. Mr. Bennett: Welfare recipients are in a locked-in position. It is probably the situation right off the top, I appreciate; and I am living with our friends at the federal level, though I am not blaming it on them.

Mr. Breagh: In Northumberland, it is interesting that the manager of the housing authority sent a long letter outlining all of the changes in the federal-provincial agreements, which I am sure no one there understands. It is interesting that the effort is being made to allocate who did what to whom. It is a difficult argument. I am not sure there is a good solution.

Hon. Mr. Bennett: I have to agree with you there.

The Acting Chairman (Ms. Fish): May I interrupt for a minute? Mr. Sweeney, did you have a supplementary question in this area?

Mr. Sweeney: On Ontario Housing, yes.

The Acting Chairman: But not on this area.

Mr. Sweeney: I do not care where it comes in. I just want to ask a question on Ontario Housing.

The Acting Chairman: We were on supplementaries in this area. I will return to Mr. Epp, who has the floor.

Mr. Epp: Could Mr. Lavery provide me with a copy of the document he was reading from earlier, with respect to the costs of that study?

Hon. Mr. Bennett: They will be in the transcript for today as well.

Mr. Epp: Second, there was a document you were going to provide to me yesterday. I forget exactly which one it was. It had to do with those earlier votes. You said someone else had it. It was when Mr. Riggs was here. He was going to get it for us.

Hon. Mr. Bennett: You were talking about the land inventory.

Mr. Epp: Yes, you were going to get that for me.

I want to look briefly at the Ontario housing authorities. You will recall you used to give a grant to support the Ontario housing authorities and you discontinued that. How much money are you saving by discontinuing that grant?

Hon. Mr. Bennett: On their overall annual expenditure, it would amount to somewhere around a couple of hundred thousand dollars by the time we paid for the convention plus the annual operating expenses of the association.

Mr. Epp: Did you feel it was not a good investment? You changed your mind about the original investment and now you are—

Hon. Mr. Bennett: The original decision to establish it was not mine. It was there when I came.

Mr. Epp: You made the decision to withdraw it.

Hon. Mr. Bennett: I did, as I have with two or three other organizations.

Mr. Epp: Did you not think they were providing satisfactory service?

Hon. Mr. Bennett: I was not sure they were providing any real service.

Mr. Epp: I want to get to the renter-buy program. The province has continually failed to achieve its housing goals. This is not only a housing problem, it is also an economic problem. In the 1975 budget, the government included a target of some 90,000 new housing units. In that year you were short over 10,000 units. In May 1977, in the charter for Ontario, the Premier (Mr. Davis) indicated we were going to have 900,000 new housing units over the next 10 years.

That was in 1977. We have progressed five years and are going into the sixth year, and we are somewhat short of that. The government fell short of its target by 37 per cent in the first two years of the program. In 1980, the target was revised downward to 78,000 units a year, but even at that level the government was not successful. How many new housing units were built in Ontario in 1980 and 1981?

Hon. Mr. Bennett: Let me get the figure for the number we built in 1980 and 1981. Let me say, for the satisfaction of the remark you make about failing to achieve, one makes an objective assessment of what the market will take, whether it be in 1975 or in 1982. We try to read the situation of the potential for purchasers of a product. It is not any different in housing than it is in automobiles.

The need indicated to us at the time of my predecessor was a potential market takeup of 90,000 to 100,000 units annually. That was not only our analysis, that was from the Housing and Urban Development Association of Canada, the Urban Development Institute, the Canadian Institute of Public Real Estate Companies and the Canada Mortgage and Housing Corp. They all indicated that was what the market would likely take.

The fact remains that conditions changed. Economics changed. Interest rates changed. People's attitudes towards ownership changed. They changed because of the costs. It was better to stay in a rental unit than it was to buy. I want

to make it clear that the construction industry got caught in its own web. They talked about the 100,000 units needed and the breakdown would be X for ownership versus Y for rental.

11:10 a.m.

You are fully aware of what happened in this province in 1977, 1978 and 1979. There were many subdividers who went under, and they went under for two reasons. They listened to what was being said by all agencies, government included, about what the housing potential would be. They built to meet that market and all of a sudden found they had inventory they could not move, and the financial cost of carrying it strangled them to death.

We primed the pump, but we forgot that at the end of the pump, at the spout, there has to be a pail to catch it. We forgot that in priming the pump of the housing industry we had to have purchasers, and without them people were going under. In my community of Ottawa we had big and small who went for the dive. They lost and lost substantially.

So it is great to talk about what the market can do, but can the market take what we think it should take? Obviously not only did we misread it; they misread it at the federal level and they misread it in the private sector. The banking and financial institutions that were supporting them under mortgages misread it. Our friends in the Mortgage Insurance Co. of Canada misread it, because they insured these mortgages.

So while you say it has failed, no one will deny that we did not succeed in achieving what everyone thought we were going to achieve, but one also has to be able to measure where we were in 1975 in the economics of the day, where we were in interest rates and where we went over the next five to eight years. Things changed drastically. The one thing about government is that it should have the ability to adjust to the market situation as well. There is no damned sense in building something that nobody wants, because the inventory, I want to tell you again, will drive you crazy.

We built in your community. We built in several communities and wound up owning them all. The Canada Mortgage and Housing Corp. wound up owning them all, and we got ourselves into more and more problems. We had to take them back from the developers, because the developers could not carry them any more.

So while you might want to say it has failed, the great success is being able to readjust your vision and what you see as the opportunity. Just

because you said you were going to build 100,000, don't build them if you cannot sell them, because that would be about the most insane thing that one would want to get involved in. Indeed, if the construction industry could have altered the construction program overnight in about 1978 or 1979, some of them would have survived. But they could not; they were too far down the road. They were even stopping buildings halfway. They were in financial problems. They had committed, and for various reasons they went ahead.

I know fellows—and you can feel sorry for them; one came in from Hamilton and two came in from Ottawa, and we had them from St. Catharines and so on—who would have liked to have had the Ontario Mortgage Corp. come in and bail them out, but we have neither the capacity nor the terms of reference that would have afforded us that solution.

So what I think we did was to adjust our sights. In 1980-81, we built 57,000 units—in that range. Then we dropped down to the 50,000 level last year. This year, because of the federal rental construction loan program and because of our Ontario renter-buy program, we might achieve a 45,000 level.

Mr. Epp: The upsetting part of this is not the fact that you have had to alter your numbers and so forth but the fact that when the Premier announced the 900,000 units that were going to be built, there was no equivocation about it: "We are the greatest administrators. We know exactly what the hell is going on in the province. We are going to build you 900,000 units, and you should elect us."

Hon. Mr. Bennett: No.

Mr. Epp: That's it.

Hon. Mr. Bennett: We didn't say we were going to build you 900,000; we said the marketplace would take up that number. There is a great difference.

Mr. Epp: There were no conditions, "If the market stays the way it is," etc. No; it was, "Elect us and you are going to get 900,000 units." Period. That was it; that was the implication of it.

Hon. Mr. Bennett: So what you are saying is that we should just go blindly on and say, "We made this promise, so let's just go and see that the industry builds them and we are not breaking any of our promises."

Mr. Epp: No, I am saying that—

Mr. Kolyn: There are no guarantees.

Mr. Epp: The member says you do not have to guarantee things, you do not have to keep the promise.

Hon. Mr. Bennett: Oh yes, you keep the promise, but you also inject into it as times change.

Mr. Epp: Oh, you keep the promise, but you inject into it.

Hon. Mr. Bennett: I understood your federal party made certain promises relative to the price of gasoline, for example.

Mr. Epp: But we are talking provincially.

Hon. Mr. Bennett: I am just throwing in for good measure how you have to adjust—

Mr. Epp: I can start blaming the municipalities now for everything that goes on here. You have to accept responsibility at the level you are at.

Hon. Mr. Bennett: I accept responsibility, and also I use good judgement and wisdom as to what is beneficial for the economy. If 900,000 could have been taken up, they would have been built in this province. Obviously—

Mr. Epp: So you disagree with the Premier making that statement.

Hon. Mr. Bennett: No, I do not disagree with him. At the time he made the statement it was a very honest, forthright, sincere statement.

Mr. Epp: Unequivocally.

Hon. Mr. Bennett: That is right, but all of a sudden conditions changed. Let us be frank. The industry would not produce them. You can talk about them all you want, but if you go back and check the records, Mr. Epp—and I beg you to do so—you will find that Canada Mortgage and Housing Corp.—

Mr. Epp: That is the first time you ever begged anybody.

Hon. Mr. Bennett: I will not say what thought came to mind, leave it at that.

Mr. Epp: That is on the record too.

Hon. Mr. Bennett: That is right.

Mr. Breaugh: You are mellowing.

Hon. Mr. Bennett: Well, no; I guess that is what happens when you get older and your kids start brainwashing you from school.

Mr. Epp: I think married life must be doing something to you.

Hon. Mr. Bennett: It has for the last six years in a very positive way, and I shall not go into the full description of it.

Mr. Breaugh: Live it up, because you have got one more good year.

Hon. Mr. Bennett: Do not send that to my wife.

Mr. Kolyn: Then you start turning grey.

Mr. Epp: I do not know about that.

Ms. Fish: Foulds is the expert.

Mr. Epp: Susan would not agree with that.

The Vice-Chairman: Moving right along.

Hon. Mr. Bennett: I just want to say that at the time all these projections were made, whether it be by the Premier or the industry, CMHC, the financial institutions and so on, it was all done with the best of intentions and understanding of what the market would take. Major changes came. I do not care who you are, the Premier or anyone else, I do not think anyone could have anticipated what was going to take place in that relatively short period of time, not created within the economy of Ontario or Canada, but from outside influences. You know them as well as I do.

Mr. Epp: I just thought I would raise that.

Hon. Mr. Bennett: I beg you to go and read it.

Mr. Epp: That is the second time you have been begging.

Hon. Mr. Bennett: I just thought I would emphasize it for you.

Mr. Epp: One of the major goals of your renter-buy program was to free up units for prospective apartment dwellers. At the moment I think fewer than 50 per cent of the units you anticipated would become available have been opened up as a result of your renter-buy program. To be fair, I think it is 49 per cent, 49.6 or something.

Based on the results of that program and on your projection last May when the budget came down, I think you indicated you expected it to be much higher in your program. How do you rationalize the fact that many fewer units opened up as a result of this program than you had originally anticipated?

Hon. Mr. Bennett: Back at the start of the program, we thought we would achieve 15,000. For various reasons, it does not appear the marketplace could absorb 15,000. I admit that. That was an objective we had set in consultation with the private sector, with the real estate industry, the bank institutions and others we consulted with.

Mr. Epp: One of the reasons you gave was that we had a hot August, and it has cooled off.

Hon. Mr. Bennett: You can joke and make fun of it, Mr. Epp, but get into the retail business and you will find weather does have a very telling effect on the marketing of any product. It is fine for the press to get a little snipey and smart about it. The fact is it was the industry that made that comment, and I carried it forward for them. The month had been a very difficult month to sell because of weather conditions. It does not matter what you are in. In virtually any field of the economy, weather does have a rather telling effect. Bad weekends cause a downturn in a resort operation.

11:20 a.m.

We made a projection that we would get into about a 60-40 split, taking people out of rental accommodation and first-time purchasers. But frankly, whatever number we achieved were all either renters or potential renters. If they had not bought they would have likely had to move into a rental accommodation of some nature. So the success ratio was 100 per cent from the rental industry, but we achieved about 50 per cent who are moving out of what are at present established as rental facilities.

That number is rather significant. Whether we were off by 10 per cent or not, it was the best guesstimate we could make in consultation with others, and it seemed realistic. I am not disappointed we achieved a 50-50 ratio, not a bit, because we will free up about 6,000 rental accommodations in various parts of the province. About 65 per cent of the units are either in Metropolitan Toronto or in Ottawa. Indeed, looking at some of the smaller communities, it is rather interesting to see how they have responded to the renter-buy program as well.

Mr. Epp: Do you expect to extend this program because of its—

Hon. Mr. Bennett: No, sir.

Mr. Epp: Let me put it this way: Do you expect to extend it? Second, if you are not going to extend it, why not?

Hon. Mr. Bennett: This program will end on December 31, 1982. That was made very clear to the industry and to the buying public. We do not see any reason for extending it at this time. Second, it would take more money and I would have to go back to Management Board for it. I have indicated to the Premier and to my colleagues in cabinet that at the completion of this current year we can sit down and do an analysis of exactly where we are with relation to these programs, the Ontario rental construction loan program, the Canada rental supply program.

From this analysis we can try to draw out what is the next move, if one is necessary, in the provision of housing.

Mr. Epp: There were two reasons you gave when the Treasurer announced the program. One was to open up rental units, and the other was the fact it would create jobs because they would build 15,000 units or something of this nature.

How many new units have been built as a result of this program? Second is it your intention not to extend this program because you want to save money at the end? You are obviously going to save money, because you are not going to spend the money that was allotted to spend. Is the Treasurer putting pressure on you not to spend that money?

Hon. Mr. Bennett: No, but answering your questions in the proper order, I said to you very clearly we were going to be able to sit back at the start of next year and do an analysis of this program. We will decide what other impacts are required in the development of housing, whether it be ownership or rental.

Does the government still have to participate in some program? I indicated earlier to Mr. Breaugh there has been a very substantial participation by the government in virtually everything that has been built in the rental field since the mid-1970s. What will it take? Is it necessary? That will be determined, in consultation again with the private sector, the lending institutions and all those that play a part in this development industry. They certainly do not grab things out of the air and hope like hell they resolve the problem.

I think from a marketing point of view it would be terrible strategy to say to you, "Yes, we will extend the program." What incentive would there be for anybody to make a decision between now and the end of December? I want to get people to make a decision to buy a house between now and the end of December. We are now dealing with required construction. We are dealing with about 115 new approvals per day, and the fact is there are not that many units sitting out in the subdivisions of the province.

The order book for the developer or the subdivider or the general contractor, whoever it happens to be, will continue to increase until the end of December. That should stimulate employment throughout the winter months. For example, I can tell you right now the forming contractors, the foundation contractors in the major areas of the province, are working at capacity, maybe even beyond capacity, to put in

foundations before the bad weather sets in over the southern part of Ontario. For the northern part they have already passed the date of being able to put in foundations.

So we see the potential of a tremendous amount of construction activity as a result of terminating the program and making people make the commitment, because contractors and developers will not build on speculation. I want to emphasize that. They have been shot down before and they are not out there trying to find out whether somebody will take a pot shot at them again. They do not want to speculate and then find no market developing.

They are taking their order books. The program will terminate at the end of December. I have not been pushed at all by the industry to extend the program. I complimented the federal government on extending its \$3,000 program. It extended the period during which a foundation must be put in. It did not extend the program *per se*; it extended the period of construction.

The federal program, for example, initially said, "You must commence construction by December 31, 1982, to have that unit qualify for the \$3,000 grant." Pressure was put on the federal government by this ministry and by the Housing and Urban Development Association of Canada, the Urban Development Institute, the Canadian Institute of Public Real Estate Companies, and, in particular, the northern developers because they could not get foundations in by December 31. The federal government said, "Okay, the foundation must be in by the end of April next year to be able to qualify."

Mr. Epp: Pardon me for interrupting, but why would you put pressure on the federal government to extend its program to put foundations in, when you will not extend your program?

Hon. Mr. Bennett: Because our program is very compatible with that of the federal government. We do not say—

Mr. Epp: If it was—

Hon. Mr. Bennett: Just a moment. You asked a question. I will answer it, just so we do not confuse the issue.

We did not say the unit had to be started by December 31. We said you must conclude your agreement of purchase by December 31, and you have until the end of August 1983 to move into that structure. That means the structure can be started in February, March or April, and you can still move in by the end of August 1983. With respect to the federal limitations before it was changed, even if the developer sold you the

unit and could not put the foundation in until February, you were going to miss the \$3,000 grant. By allowing the foundation to go in up until the end of April you qualify for the \$3,000 grant, plus our \$5,000 interest-free loan.

The industry said, "We can sell the homes, but we cannot get construction started." It was their problem, not mine. They could not get their foundations in.

Mr. Breagh: What guarantee did you finally get out of builders that they would actually meet those construction deadlines?

Hon. Mr. Bennett: Their sales agreement with the individual will obviously do that, because the penalty will be the \$5,000. In other words, if they do not have the individual moved by the end of August 1983 into a single-family residence, or into a condominium by the end of October 1983, the contractor pays the penalty.

Mr. Breagh: In the last couple of years, I ran into something I had never seen before. I experienced it myself. Builders promised units and then were nowhere near ready to have them ready for accommodation. For example, we moved into our new house with no bricks. We have been in there about a year now and it is just about finished. All around me in my community are people who have had the same problem. In Whitby there were major developments and in other parts around Metro the same problem existed.

Builders were selling units and causing a lot of problems because most people, such as myself, had a house they had to sell and get out of, and the new unit was not ready. It seems to me an intrusion on the marketplace, such as with these two programs, might bring about the same thing. People will buy a house, attempting to take advantage of the grants. Even though there were no grant programs available there were the problems I just spoke of; and there are now, I see the same kind of thing happening in my own community again. There is a sudden spurt in the housing industry. The builders may or may not be able to meet the deadlines. I am a little bit concerned, when those grants take effect, that the builders are trying to put them on the ground as quickly as they can. They may not meet the building deadlines.

It appears to me there is a little distortion in the market again. We may wind up with people saying: "Gee, this is really nice. I have this grant money coming in. It is fundamental to the purchase of my house." The builder is saying: "We are really happy with this one. We are

getting a little subsidy here once again to spur sales." What guarantees are there that the house will be finished? What are you going to do, come next August, when people are ready to move into their new houses, if the houses are not finished?

11:30 a.m.

Hon. Mr. Bennett: That is an agreement between them and the developer or the builder. Taking your situation as an example, as long as they are moved in—whether the house is completed or not is another decision—our qualification is move in.

Mr. Breagh: The difficulty we found, with a number of people I spoke to, was that for example, the Housing and Urban Development Association of Canada warranty does not cover the completion of the house.

Hon. Mr. Bennett: Yes.

Mr. Breagh: In cases we had last year, if you had nowhere else to live you really were up the creek. The day you take possession is as is. So if the builder feels like finishing off the house, putting up the bricks, putting in a driveway, putting on exotic things like doors and windows, he will do it; but if he does not feel like doing it, you are up the creek and there is not a great deal you can do.

We suggested to some people to apply holdbacks, and some of them were able to do that. But again it puts the consumer in a very awkward position and without, it appears, much legal recourse. I would like to see you monitor that one just a trifle more closely.

Mr. Kolyn: Just to add to what you were saying, what would happen if you had a work stoppage or a strike in some segment of the industry? That would put the builder in a very difficult position too.

Mr. Breagh: We had whole subdivisions where the builders were saying, "I tried my best to get this home completed, but I could not find bricklayers" or "I could not get plumbers." It seems it was a period when a lot of our skilled tradesmen had gone west to construction projects and were not available, because in the spring of the year there were no jobs in the housing industry in our area. Then there was a sudden spurt and they could not complete the homes.

I am somewhat concerned. These are very awkward problems to try to deal with. There appears to be no legal recourse for the consumer. You are begging builders once again to do something that there is really not much incen-

tive for them to do. I do not want to spend another summer dealing with constituents who have a \$100,000 house that has no brick, no doors, no windows or in which the electricity does not work. Some of them have one sink in a house. These are basic problems, but they have no alternative. There is no place else for them to live. They completed a real estate deal for their previous home, and it is either camp out or move into a house that is half finished.

Hon. Mr. Bennett: You might be able to appreciate that our deal for the \$3,000 is really between the purchaser and the government, the same as it is between the purchaser and the mortgage company or between the purchaser and Canada Mortgage and Housing Corp. The individual is the one who contracts with the developer or the builder or whoever it happens to be. I trust that whoever it is will have his lawyer make sure the legal commitment is clearly spelled out against the contractor for noncompletion of the unit at the date that is required by government.

Mr. Breagh: But the difficulty I want to point out to you is that there is not a legal way to do that. We had a refugee camp down at the Holiday Inn for a band of families, and we had whole subdivisions of people coming in and saying: "What is my choice here? I have no home. I sold mine and I have to get out. The new house is not finished. What do I do?" There is a range of problems there.

Some builders said: "It is my responsibility. I promised you a completion date and I cannot fulfil it, so I will pay your accommodation costs." Others said: "Forget it. There is nothing in the book that says I have to pick that up." Some lawyers imposed holdbacks; others did not. Some builders said, for example, as apparently it is their legal right to do: "I don't want a holdback on this scheme, and your lawyer can propose all the holdbacks he wants in the world. If you want to complete this deal, you take it as is."

And of course there were some builders who got the funny notion in their minds: "Here is a house I sold for \$90,000. If I take it back, I can sell it for \$95,000, so I think I will take it back." Some did that. Others said, "If you want to sue me, you can go off to court for two or three years and we will see you." So we had a variety of problems on our hands to which there seemed to be no good solution. I just wonder if I am looking forward to another summer of those kinds of problems.

Hon. Mr. Bennett: I trust not.

Mr. Breagh: I hope not. I will send them to see you.

Hon. Mr. Bennett: In my Ottawa constituency office?

Mr. Breagh: Anywhere they can find you.

The Vice-Chairman: Mr. Breagh, Mr. Epp has indicated he is yielding the floor.

Mr. Breagh: Okay. I just had a couple of things I wanted to try on for size in this series of votes. In my region, and I suspect in many if you try to analyse the housing market right now, we have had a spurt of co-ops. I think we have about 350 units planned and approved.

In the private nonprofit sector, the only activity in the last couple of years has been around church groups, quite frankly, who put up senior citizens' housing. In the private, single-family accommodation we have had a little bit of a spurt that we just discussed. In the rental accommodation there has been nothing. So there is a distortion there.

From what the minister said this morning I guess some programs may be developed which would encourage the private sector to go into rental, but I have a very serious problem on my hands. I have all kinds of people in financial distress with no place to put them.

Most of the municipalities in my area have not, in the last 10 years, gone into any kind of rent-geared-to-income housing or anything like that. A substantial piece of work was done in the late 1960s and early 1970s but there has been nothing since. I am wondering what the minister has in mind for the municipalities to try to meet that need.

To complicate it a little further, we have no real concrete idea of how long this problem is going to exist, but we have no rental accommodation available now. It is literally true in my area, and I suspect it is true in Sudbury and Windsor, that people are living in trailers. They are living in tents; they are living in cars; and there is no place to put them. I want the minister to keep that in mind so that he might assist those individuals.

Hon. Mr. Bennett: We have been to Oshawa. We have talked to the council about the establishment of a nonprofit housing corporation to facilitate putting some rental accommodation in place in that area. For reasons best known to themselves, and I cannot understand why, they just do not want to get involved at all.

Other major municipalities such as my own and the Toronto boroughs have moved into nonprofit housing very effectively and

rewardingly. I do not know what else I can do to convince or encourage Oshawa to move in that direction. If they do not they have the first responsibility. There are many citizens in their community and they should know their responsibilities as I do.

Mr. Breagh: The same problem exists in all those communities I mentioned. There is high unemployment, record numbers of people going on welfare assistance and there is no accommodation to provide a roof over their heads for the winter.

Hon. Mr. Bennett: Nonprofit housing is not a financial commitment by the municipality. It is 100 per cent covered by the federal and provincial governments. Indeed we even go to the point of giving them a grant which is transferable into part of a loan, if the grant is to establish a nonprofit corporation and if they move forward with construction. With the first construction we roll the \$5,000 grant, or whatever it happens to be, into part of the mortgage, which I think is only a fair way to do it.

The cost of running it is entirely absorbed, right down to the interest, by the federal government and the Ontario community housing assistance program of the province. I have trouble understanding why Oshawa resists the establishment of that. Maybe the member can find out.

Mr. Breagh: Traditionally a lot of municipalities do not like the problem of administering rent-geared-to-income housing or anything of that nature. They do not like getting into this pass-through of costs because they are the ones who will say: "We are going to raise your rent 10 per cent even though it is geared to income." So senior citizens and those who are on social assistance are screaming, and quite rightly, "We are the least able to afford an increase of that size."

Hon. Mr. Bennett: They prefer that I do it.

Mr. Breagh: I think that is what the municipalities are probably saying. They do not like this role, and your response to them or to me, would be that we would have to go back to the municipal governments in Oshawa, Sudbury, Windsor and other places where this problem exists and convince them it is a good idea.

Hon. Mr. Bennett: I can only suggest we have come to an understanding that there is a sharing of responsibilities here to find housing. No one has ever denied that. We and the feds put up a lot of money and have taken a lot of responsibility in managing and maintaining. We moved in

1978 to establish nonprofit housing across the country. It has worked very effectively and it has put a very good product on the marketplace in those communities that have accepted the responsibility.

11:40 a.m.

I am not going to suggest—and I make it very clear—that because Oshawa, London or somebody else will not do it, because they have turned us down, we are going to march back in to the Ontario Housing Corp. and start development; we are not. That would be a complete about-face to those municipalities that have established nonprofit corporations and have understood and do understand the need for that type of housing in their community.

So I can only suggest we may have a selling program to Mr. Pilkey and his people down in Oshawa. I said to Allan when he was in my office one day: "I still do not understand why you do not undertake such a program because there is no financial commitment—none. The nonprofit corporation is run by a board, not by the council. Sure I admit the clerk of the municipality usually is the clerk of the private nonprofit corporation and the mayor is usually the chairman or something, but that is just part of the responsibility of having been elected to that office."

I understand the mortgage companies have backed off in a lot of cases—correct me if I am wrong—in some areas of the province where there are financial difficulties because of layoffs or strikes, and people are not capable of making their payments. They do not want the properties. They do not need the problem of trying to manage or sell the properties or whatever has to happen. That was my understanding of what had happened from the analyses made by our people in various communities. Sudbury in particular was one that came to me.

Mr. Breaugh: That is another kind of related difficulty we have. I think you are right, at least as far as trying to dig into this locally is concerned. We have attempted to find out how many foreclosures there have been in our area. Major credit unions are the ones who are most willing to divulge the information. They have not had an upsurge in foreclosures and they said, "Quite frankly, we do not want to."

Hon. Mr. Bennett: There has not been, according to our records, anywhere in the province.

Mr. Breaugh: Even from a straight maintenance point of view, if you have someone who will stay in a home and keep the heat on and the

water running during the winter you are going to save yourself some money in the long run.

So in some respects that does not seem to be a major problem. Yet I do get a steady stream of people coming through the office—two or three a week now—who are talking about not being able to keep their unit. I am not sure whether it is their personal decision that they want to keep their financial obligations on the up and up and that if they cannot pay the mortgage, they are not going to stay and so they are leaving of their own volition.

In our area we have had a number of problems in that regard about quit claims and all of that. That continues to be a concern of mine, and I do not see any good solutions to it. It appears that if the economy stays the way it is over the winter months that is simply going to escalate.

I cannot find any statistics about foreclosures. Whether the lending institutions are not divulging this information or what, I do not know. I am getting a conflict here between constituents on a regular basis who say, "I have to leave my condominium because I cannot keep up the payments," and the fact that I cannot find any record of it taking place.

Hon. Mr. Bennett: I think your assessment is likely correct. People are coming in and telling us, you and me as individual members, of their potential difficulty. But they also look around and wonder, "Where am I going next?"

People do come into the Ontario Mortgage Corp., for example, and tell us about their difficulties, but if you do an assessment of their difficulties, it is not always the cost of maintaining the unit that is their problem. It is those peripheral things they have done, other purchases they have made, other obligations they have taken on themselves that are likely taking a greater portion of their income than maintaining their residence. That is a personal choice as to which one they are going to give up.

But we have talked with the investment houses and various other organizations, banks and trust companies, and to the best of our knowledge they do not indicate to us any great upswing in people they are foreclosing on or who are walking away.

We have had some—I will not deny it. There were some where people just could not sell the unit. They had to move for a job and they just walked away.

Mr. Breaugh: We have had a number of problems with condominiums in our area—as you know because you were participants in

t—of people just walking away. Then no one of those who are left has clear title to the unit, there are problems about maintenance—

Hon. Mr. Bennett: Do not forget that started with the other program neither you nor I had much respect for—the assisted home ownership program.

Mr. Breagh: That's right. Exactly.

Hon. Mr. Bennett: It brought a lot of people into the marketplace who frankly should never have been there, because their income factors were marginal to start with. While their down payment was mandatory at XYZ, there was usually a tradeoff in giving them the stove, the refrigerator and a few other things. Eventually they had no financial commitment in the unit they were living in. They got six months out of it. I do not have an answer for that, to be honest with you.

Mr. Breagh: There is one other thing I wanted to raise with you that is related to this. Part of the solution the Canada Mortgage and Housing Corp. said it had to all of these vacant units in my area was to sell them off in large numbers. The one buyer that comes to mind is a company called Steveston Investments, a Vancouver-based firm that bought 150 units from CMHC at \$17,700 per unit.

I was a little perplexed as to how the hell the federal government could sell off units at that bargain basement rate to a west coast investment firm and could not have the ingenuity to sell them off to local people. The answer I got from CMHC was that this was part of their bulk purchasing program under some wonderful scheme they had. The reason they were selling off condominium units at \$17,000 was that the investment company said they wanted to rent them.

Do you know if that still is their policy? And, bizarre as it may seem, do you have any comments about it? You and I have discussed previously that it is not such a smart idea for governments to dump this stuff on the market.

Hon. Mr. Bennett: That's right. They should never dump.

Mr. Breagh: I could not for the life of me figure out why the federal government of Canada would take all of these condominium units. The irony is that no one in the world would have known about this deal except that I happened to come across some real estate cards that were filed noting that the transaction had occurred. There was no announcement by

CMHC that they were having a fire sale in Oshawa, but they sure as hell did.

Hon. Mr. Bennett: It might be they sold units in more than just Oshawa.

Mr. Breagh: Yes, they did it in London and a couple of other places.

Hon. Mr. Bennett: I am trying to remember, because that was a year or a year and a half ago if I recall correctly. At the time, when we inquired about the sale price, we were informed of substantial refurbishing costs they were also going to commit themselves to. I do not have that information with me.

Mr. Breagh: I can tell you what they did: They put in new carpeting and replaced a fridge and stove in each of the units.

Hon. Mr. Bennett: I thought they had some internal work that had to be done to some of the units themselves. Again, I am only going on what was reported to us.

I suppose we can be critical of it, but CMHC likely had their minister pound them on the head to get out of the units, to get rid of them, to put them back into the marketplace. I do not know all the facts, obviously. But I say in due respect to the civil servants, whether they be federal or provincial, they can give us advice, but sometimes we are hard of hearing.

Mr. Breagh: This just seemed to me to be a particularly stupid thing for any government to do, and what made me angry was that they did it without telling anybody and no one in the world would have known that this transaction took place. We tried to track down how many other times this kind of transaction had occurred. There was no way to find out about it, frankly, unless you were prepared to go through the files of some real estate company and pick up the transactions that way. This was not an announced policy of the federal government. Obviously, it had an impact on the housing market locally and certainly, on a lot of people in those units.

Hon. Mr. Bennett: But they offered, did they not? No. That was our units—pardon me.

Mr. Breagh: Yes. You offered them—

Hon. Mr. Bennett: We offered them to first-time purchasers—

Mr. Breagh: Yes. I am not overly impressed with you.

Hon. Mr. Bennett: I did not hear anybody come up with a better solution.

Mr. Breagh: For example, in the Mary Street site, where you did much the same thing with a

little more finesse, you still have some vacant units up there.

Hon. Mr. Bennett: That's right: 33.

Mr. Breagh: I do not really understand why you kicked people out and are happier to have the units stay idle.

Hon. Mr. Bennett: I do not think we did

Mr. Breagh: Yes, you did.

Hon. Mr. Bennett: No, I think they were given the option of purchasing or they then had the option of moving. Indeed, you are the same group of people—

Mr. Breagh: That is a nicer way of saying, "You can buy something you cannot afford, or you can get the hell out."

Hon. Mr. Bennett: If the member looked at the purchase price and so on—and again I am trying to go on memory—

11:50 a.m.

Mr. Breagh: The minister is trying to sell me two jets for one here, and I am not buying. It is like the Premier announcing that he is giving up his jet but he is buying two; somehow I am supposed to be grateful for that. I do not understand that kind of economics.

Hon. Mr. Bennett: If the member ever has a forest fire around his cottage, he will be appreciative of the water bombers we got.

Mr. Breagh: I do not have a cottage or a forest.

Hon. Mr. Bennett: Neither do I.

Mr. Kolyn: They should water-bomb his house and see if the roof leaks.

Mr. Breagh: Don't do that, because it does.

Hon. Mr. Bennett: On Mary Street, at the time, we had 92 condominium townhouse projects, and we acquired 79 units through legal actions; that is a nice way of saying we took them back. At the time there were 53 units in inventory anyway and, because of the poor market conditions, rentals were necessary. During August 1981, we put on a sales effort. The inventory was reduced by approximately 25 per cent, or 18 units. Then the staff felt a more aggressive approach was required in the present market; therefore, marketing proposals were requested and new agents selected. The units now up for sale are \$39,000 for a two-bedroom and \$41,000 for a three-bedroom.

Mr. Riggs, do we have any units left there now?

Mr. Riggs: Yes.

Mr. Kolyn: Where is this?

Hon. Mr. Bennett: In Oshawa, at 1331 and 1333 Mary Street.

Mr. Breagh: We had a very interesting little meeting in the parking lot on Mary Street. I am not sure those citizens felt they were being treated all that fairly. For some, from a financial point of view, if they were able to purchase the units, they at least got a fair price at a reasonable interest rate; there is no question about that. The difficulty was that this was not an option for many of those people; they were not in a position to purchase at any price.

Mr. Kolyn: Does the member not agree that there are some people who do not want the responsibility of owning a house or condominium or anything? I know a couple of people who do not want the financial responsibilities; they are happy the way they are.

Mr. Breagh: I do not deny that for a moment. But I have to report that, in the parking lot on Mary Street, that was not the prime concern. They would have been happy to buy those units if they had been in a financial position to do so; but they were not. What they were concerned about was something a little more basic; that is, where they were going to go, because they had nowhere else to go.

Hon. Mr. Bennett: Glen Street was another project with 119 units. Ninety-nine of the units became our property. By "ours," I mean the Ontario Mortgage Corp. That was not by choice. We then offered these units in the marketplace for rents of \$510 for a two-bedroom and \$550 for a three-bedroom. That is a fairly hefty rent by anyone's standards. It was our understanding that this was the current market position in the Oshawa area. We have rented 39 of the units to date.

There has been some interest by the buyers in this project. There are 20 or more of the units being offered for sale at \$37,400 for a two-bedroom and \$39,475 for a three-bedroom, with 10 per cent down. If one were to analyse the price of \$37,400, that is \$3,740 as a down payment and if you then looked at it as \$510 per month in rent, it has to be a good deal.

Mr. Breagh: To be polite, I am not impressed with the two levels of government in my region that participate in the housing sector. The thing is so badly screwed up. I have got a range now of a lot of condominiums and a lot of low-rise developments that came on stream in the mid-1970s—

Hon. Mr. Bennett: The assisted home ownership program.

Mr. Breagh: —usually with some level of government sticking its little finger in there.

Hon. Mr. Bennett: They were invited to do that.

Mr. Breagh: To sort out the problems seems most beyond belief.

I know of condominium units that were originally up for sale, then were quit-claimed and later went back into receivership. Some now are in private hands. There are all kinds of developers out there pulling every stunt I have ever heard of to get people out of the units. Why, I do not know. I guess they feel they could sell these units. They are sending the people there very legal-looking eviction notices that are not legal. They are telling them that if their son comes back to live with them, it is a violation of the department of health code or the building code or some damned thing.

I get this wonderful array of people walking in with letters from lawyers, developers, etc. There are all kinds of hassles and sales gimmicks going on. Although I am an advocate of government being involved in the housing sector, I have to say the track record of the federal and provincial governments in my own home area stinks. It is not getting much better.

Hon. Mr. Bennett: We went into it kicking and screaming.

Mr. Breagh: It happens I was on the council when all this infusion came to our area. Someone may have invited the province into my area, but it sure as hell was not me. I recall sitting around the council table where we said as bluntly as we could to the province: "You may want to go east. You may want to put 2,500 units in our area in the next two or three years. We are prepared to let you do that. But you are going to cause a distortion in the market here."

That seems to be what happened, and to get out of that situation seems almost a hopeless process. Maybe time will ease the pain, but a lot of individuals are suffering because of the stupidities of government. Amen.

Hon. Mr. Bennett: In defence of the Ontario Mortgage Corp., it thought it was doing the right thing at the time because of market conditions and price levels. The assisted home ownership program was on. We never pretended to be a mortgage company as one would expect in the private sector. We went in to fill a void. Sometimes I suppose we would have been better off not to have filled the void, but I can guarantee that the member or his predecessors could have been here yelling and screaming

about our inactivity in trying to support some individuals in the building of condominiums at a price range that in the 1970s seemed to be very acceptable socially for that community.

Mr. Breagh: That is my problem. I do not have an alternative left. The private sector is like the dodo bird: it is extinct. The public sector has managed to screw it up magnificently. The only thing I have that appears to be doing anything reasonably successfully is a bit of co-op housing, which is not yet a substantial part of the market, although it should be. I guess I will have to go back to the Oshawa city council and talk to them about municipal nonprofit housing.

Hon. Mr. Bennett: I have another point. With no disrespect to the private nonprofits and the co-ops, I say to the member, talk to them. What they do is take the list of eligible people—let us say for a rent supplement program—and they high-grade the list. They will take the better-income groups with smaller families. They do everything to secure their position; so it is left up to the municipal nonprofit, OHC or the lower-income groups, even lower than what they are contending with.

Their rate of success should be somewhat better. I have no disrespect for the co-ops. I think they do a fine job, but I do get worried about them. Some of them, I fear, lack some of the competence within their own organizations to manage and administer the projects. We are not talking about a \$10,000 operation; there are some that range into hundreds of thousands of dollars annually.

Mr. Breagh: I have had the pleasure of trying to assist some co-ops in running their units, and that is not the easiest job in the world, to put it politely.

Hon. Mr. Bennett: I will not say anything further. I rest my case.

Mr. Sweeney: Mr. Chairman, I would like to come back to Ontario Housing. One of the difficulties we are finding in our area is that there is a waiting time of approximately 10 months even for those at the top of the list. The local housing authority says it cannot afford to put more units on the market because, I guess, it does not want to get caught with excess units when the economy turns around.

What we are facing is a number of people living in rental accommodations right now who no longer are able to afford them. They would qualify under all the rules for assisted housing, but the assisted housing is not there. To what

extent has the minister given any consideration to providing some form of subsidy to the people who are in rental accommodation, who would qualify to go into subsidized housing if a vacancy existed, but who are caught in the middle between the two: they cannot afford where they are and they cannot get into what they can afford?

12 noon

Because of the potentially temporary nature of this problem—temporary meaning maybe the next couple of years—it might make more sense all the way around if there were some way of subsidizing people where they are, rather than acquiring new accommodation or forcing them to get out of the place they are already in. How do we deal with this? Has the minister given any consideration to it?

I have checked with our local housing authority on it, and they just say it is out of their hands; they have no mandate to do anything like that. True, there are situations where they have acquired 20 per cent of a building when it went up at one point in time, but we are not talking about people living in those buildings.

Is there anything that can be done in this kind of situation? Is the minister thinking about or planning anything in this kind of situation?

Hon. Mr. Bennett: First of all, let me start with a couple of directions. No one will deny waiting lists are rather substantial in most communities. Whether everybody qualifies is something that only time will determine, when the units become available. We also realize that, depending on where they are located in each housing authority, there is a turnover of about eight, 10 or 12 per cent in their units on an annual basis, either through death or through people moving to new employment or because they no longer qualify, or by personal choice because they no longer wish to live in that type of unit.

I did not understand what the member meant about the local housing authority not wanting to put any more units on the market. The fact is that in Kitchener, for example, there would be roughly 180 units that they could—and I underline “could”—use under the Ontario rental construction loan program.

Mr. Sweeney: May I just stop the minister for a second? I spoke to them about three or four months ago, and the impression I got was that even though there was this waiting list, they did not feel it was of sufficient urgency to make more units available. That is their judgement

call. I do not know what all the factors are, suspect, although I have not been told specifically, it is because of their perception that what we are dealing with is a temporary situation.

Hon. Mr. Bennett: Just to clear up a point, and I will be glad to have my people look at the kind of a remark coming from a housing authority—our commitment to the private sector under a rental arrangement program can be determined on a five-year, 10-year or 15-year basis. Indeed, I said earlier—I do not know whether the member was here—we did not take up units under the Ontario rental construction loan program that could be made available for rent supplement purposes. We did not take them up when the unit was finished because we did not need them, but if in the period of time for which the loan is outstanding the need becomes apparent, when the unit becomes available, then we could make application to take it over on a rent supplement basis. The same works in the reverse, and I will have somebody look into it to see why they would refuse to do that.

Let me go to the more significant part of the member's question; that is, the in situ situation, people living in apartment buildings where it is now taking a greater percentage of their income to afford the rent. I am not sure whether that should be 30 or 35 per cent today. I see in Alberta, I think it is, it has moved to 35 per cent, and in one or two other places.

Provincially and federally, we have been talking about a shelter allowance, which is the only way I can find that we could afford any assistance to a particular individual or family. Neither government has moved in a positive fashion at the moment. It is still being reviewed, but I caution the member that the cost becomes astronomical. They tell me it will make our present cost of running public housing look insignificant in a period of five years, because you could find so many people who believe they should qualify if we were to establish 30 or 35 per cent of one's income as the rental factor and anything over and above that is paid for by the province or jointly by the provincial and federal governments.

There are formulas. Indeed, British Columbia has one now which would not work very effectively in Ontario. It really would not work in Ontario at all, but in British Columbia it seems to work fairly well.

Mr. Sweeney: I think the minister is projecting my question into a totally new program. My suggestion is for those people who are on the list

now and who would qualify if the units were available.

Would it not make more sense for that group of people—as opposed to another whole group of people who may or may not qualify for shelter allowance under some other set of guidelines—for people who qualify under the existing rules and guidelines? Would it not make more sense—as a temporary alternative over the next year, 18 months or whatever—to subsidize them where they are, rather than providing new units that may not be needed 18 to 24 months from now?

Hon. Mr. Bennett: I still have to design and develop a whole new program even if it is for people who would have qualified if units were available. The fact is, I would have to enter into a new agreement with the federal government, because this is not covered under the present arrangements in any way, shape or form. It truly would be a shelter allowance program, because it is outside of what we have at present, which is what we call a rent supplement program. We would have to try to find ways of declaring the units they are in as being under rent supplement. I do not know how we would achieve that, because we would have to look at a number of different things that prevail.

I am saying to the member very sincerely and directly, it is one of the options we are looking at in a comprehensive review of the situation. But I can also assure him that it is not one that we will move on singularly as the government of Ontario; we just do not have the financial capacity. If we were not able to get federal participation in a program of that nature, I say very carefully to the member, we would not carry it alone.

Mr. Sweeney: The province has a program now, in co-operation with the federal government, whereby up to 20 per cent of the units of a privately held building that received a preferential mortgage treatment can be allocated to subsidized housing. Am I right or wrong?

Hon. Mr. Bennett: Yes; well, it is—

Mr. Sweeney: I forget what the program is called.

Hon. Mr. Bennett: The Ontario rental construction loan program.

Mr. Sweeney: No; on this one I am thinking back three or four years ago.

Hon. Mr. Bennett: We had the assisted rental program and the private assisted rental program, both with some degree of federal-provincial participation. In those, we have requested that varying percentages of the units that were constructed be made available for a rent sup-

plement program under agreement and contract to the Ontario Housing Corp.

Mr. Sweeney: I have forgotten now, because we are going back three or four years, but who picked up the mortgage subsidy to the private contractor and private owner in that case? Was that again a combination of federal and provincial, or was it totally federal?

Hon. Mr. Bennett: It was not a mortgage subsidy. It was a unit subsidy, which did not relate to the mortgage at all. It was so much per unit per month on a decreasing basis over 10 years.

Mr. Sweeney: I thought there was a program whereby the mortgage for the entire building was available at, say, two per cent below the going rate.

Hon. Mr. Bennett: Under the—

Mr. Sweeney: If you put 20 per cent of the units—

Hon. Mr. Bennett: What was the PAR program, Mr. Riggs? Did we participate in the mortgage?

Mr. Riggs: We assisted in subsidizing the mortgage.

Hon. Mr. Bennett: —interest rates and then on a unit basis, where you had \$100 or \$150 a month, and then was reduced by 10 per cent a year for a 10-year period.

Mr. Sweeney: That was strictly federal then?

Hon. Mr. Bennett: We piggy-backed on ARP in the latter days up to a maximum of \$50 per unit.

Mr. Sweeney: That program, I gather, is over and done with.

Hon. Mr. Bennett: Yes, it was deleted by the feds.

Mr. Sweeney: All right. Let us come back to the other one that the minister just touched on, the Ontario rental construction loan program. The minister is well aware of a study that was done at the University of Toronto which criticized some aspects of it.

I am not interested in getting into all of that, just the one section where it says: "The requirements that 20 per cent of the units be made available to lower-income earners are not being met. As of April"—this was dated October 24, and I assume that was April 1982—"only 6.3 per cent had been allocated."

Hon. Mr. Bennett: Of what?

Mr. Sweeney: I am not sure.

Hon. Mr. Bennett: I wish they would be quite clear as to what they meant by 6.3 per cent, because—

Mr. Sweeney: I am reasonably sure the minister is aware of the study and of the criticisms. I am referring to that particular study. I do not know any more about it.

The only aspect of it that caught my attention, because of the question I just asked, was the seeming inability to take advantage of that part of the program which would help to meet the kind of problem I am describing. It may or may not, but at least it would come close to it.

12:10 p.m.

Hon. Mr. Bennett: As of November 30 of the current year, under the Ontario rental construction loan program, of the 16,537 units available, there would be roughly 3,135 units we could take up. The number we have taken as a result of units completed and now being occupied for the rental market is 875.

Mr. Sweeney: Eight hundred out of 3,000.

Hon. Mr. Bennett: Nearly 6,000—5,866—have been completed; is that correct, Mr. Riggs?

Mr. Sweeney: What is the figure 16,537? What is the difference between that figure—

Hon. Mr. Bennett: The 16,537 is the total number of units eligible under the Ontario rental construction loan program.

Mr. Sweeney: Under construction?

Hon. Mr. Bennett: That is the total number that were approved.

Mr. Sweeney: Okay. How many actually are under construction?

Hon. Mr. Bennett: There were 5,866 completed and 10,671 under construction.

Mr. Sweeney: That is where the 16,000 figure comes from; it is the combination of those two?

Hon. Mr. Bennett: That is correct.

Mr. Sweeney: Out of those, 3,135 are—

Hon. Mr. Bennett: There are 3,135 available for the rent supplement program.

Mr. Sweeney: And how many actually—

Hon. Mr. Bennett: Taken to date, 875.

Mr. Sweeney: All right. That is roughly about a quarter.

Hon. Mr. Bennett: If we take the 5,866, let us say, we would get—

Mr. Sweeney: No, but eight as a factor of 31.

Hon. Mr. Bennett: Just a moment. You cannot take the 10,671; they are not in the market-

place yet. The only ones you can calculate the 20 per cent against are the 5,866.

Mr. Sweeney: Eight as a factor of 5,000.

Hon. Mr. Bennett: Yes; 875 or 900 as a factor of about 6,000.

Mr. Sweeney: So what you are saying is that of the ones now ready for occupancy, you have already taken 875, which is about 15 per cent.

Hon. Mr. Bennett: That is correct.

Mr. Sweeney: And as the other 10,671 are ready for occupancy, you would expect to pick up a similar number of those?

Hon. Mr. Bennett: That is correct. It might be higher. I cannot say exactly where; perhaps I can if I look at this list.

Mr. Sweeney: Is the 20 per cent on a per-building basis, a contractor basis or what?

Hon. Mr. Bennett: Per building.

Mr. Sweeney: So if you take less than 20 per cent in one building, you cannot make it up in another?

Hon. Mr. Bennett: We could by agreement. For example, there were three buildings out in Brampton by Bramalea. Because of occupancy dates and so on—the three buildings are contiguous—we made an agreement with them whereby we would take 20 per cent of the overall units in the project but not more than 25 per cent in any one building.

Mr. Sweeney: Coming back to what we were discussing a couple of minutes ago then, this program, although the financial arrangements are different, is substantially the same as the federal program we were talking about before in terms of its net effect. In other words, for financial considerations the owner of that building agrees to hold up to 20 per cent of his units for subsidized housing?

Hon. Mr. Bennett: To make available, not hold. If we do not need them, he would have the opportunity to rent them. But we have the hold on him that if at any time in the future we require a unit and one becomes available we can take it up.

Mr. Sweeney: So the two programs are at least similar from that point of view?

Hon. Mr. Bennett: That was one of the conditions of CRSP, the Canada rental supply program, which was brought on the market this year by the federal government. That was one of the conditions we asked, that it be stipulated they also make available to the local housing

authority a percentage of those units for rent supplement purposes. In other words, they would be for publicly assisted tenants.

Mr. Breagh: You guys are giving socialism a bad name.

The Vice-Chairman: We are running a little short of time, and I have three more names on my list of speakers.

Mr. Sweeney: May I sum up then? I gather from what the minister said, he is looking at what he calls a shelter allowance or some variation of it. It is a possibility, but I gather the financial figures frighten him off at this point.

Hon. Mr. Bennett: It has two names; it is an in situ payment, which means the tenant is paid some kind of a supplement at his present living accommodation, or a shelter allowance. Both of them are being looked at. The feds are moving very timidly on it because, as I said earlier this morning, once you establish a program, the criteria seem to continue to build and everybody has sympathy for it.

Mr. Sweeney: Can you give me a reasonable political time frame as to when you will say yes or no? I am just asking so that if I am talking to some people, I can say, "Look, by such and such date, you will know one way or the other."

Hon. Mr. Bennett: No, I cannot give you that, because we have to have further meetings with the federal government and Mr. LeBlanc, and I have no idea how quickly he might move in this area.

Ms. Fish: We were talking about various programs that, among other things, would have the effect of stimulating the private sector to develop accommodation. Part of our concerns today are focused on the development of moderately priced accommodation, whether that is ownership or rental or a bit of both.

A little earlier today, the minister was talking about problems on the planning or municipal affairs side of his responsibility in the ministry, particularly with zoning. We were discussing the question of an older couple occupying a very large house and the desirability of that couple subdividing and the zoning problems that flow from that.

As the minister has looked, and continues to look, at opportunities to stimulate housing construction, as he looks at various mechanisms to target that construction into moderate costs, will he also be exercising his planning authority in dealing with municipal councils?

On the one hand, they express great concern about insufficient growth in moderately priced housing. On the other hand, they bring forward official plan or zoning bylaw amendments that, for example, down-zone areas from multiple occupancy to single family, that impose additional requirements on duplexing or triplexing, that create a size of unit that approaches, in some areas I am familiar with in the city of Toronto, the so-called R1F zoning—the minimum size of a duplex unit comes very close to approaching the standard Canada Mortgage and Housing Corp. size for family housing—or that simply take streets that might have existing lot frontages of 15, 18 or 20 feet, where current zoning might be in the order of, say, a 20-foot lot frontage, and determine they will alter that, for any future development, to 25, 30, 35, 40 or 50 feet.

My question really is, does the minister see a coming together of the efforts to both maintain and produce more moderately priced housing, with the kind of planning authority he and his ministry are able to exercise in an oversight position on what municipalities are doing, simultaneously with their expression of concern, when they substantially down-zone by increasing lot frontages and add a variety of additional conditions to existing housing being converted or to new housing coming into development?

Hon. Mr. Bennett: I have said before—I said it many years ago, not just since I have been a provincial member—and I repeat, the one thing I detested as a member of local council, and detest as a member of provincial government, is the iron fist of the province coming down upon any municipality, forcing it to do things when in the long term it is the municipality's responsibility as to how they are going to be maintained.

It is interesting how we sometimes get into differences of opinion. I said to the New Democratic Party that I thought the municipalities had the right to approve or disapprove subdivisions. That is a difference of opinion between some members of that party and my ministry. I think it is their responsibility because ultimately they have to be in control, because tomorrow you and I will challenge them for the running of their sewer and water systems, the police, fire department, their recreational program and ultimately, the school board for its school system. I think what we have to do in this case is try to sell the municipalities on recognizing the problems in their communities.

12:20 p.m.

Let me go to one that disturbs me in this great metropolis of Toronto. It is the Parkdale bachelorette situation. Everybody is beefing and bellyaching about the problems of providing adequate housing for people in Metro Toronto, and saying there should be more accommodation for a certain group of people.

At the same time, they took 1,400 units out of Parkdale because they were illegal. I think there were ways they might have been able to find to legalize them and bring them up to standard to provide that number of accommodations for that income level and that group of people.

At the same time, I had the council and this committee raising hell with us saying that we were not building enough of the same type of unit to provide accommodation for them.

I think the job is to get municipalities to realize what their problems are in housing in their jurisdiction, what we think are some of the opportunities of providing them and it will be, as you said Susan, through the amendments in zoning to accommodate some multiple units. I do not think, and I stand to be corrected, that will destroy communities.

You will recall back in 1977 we brought out a blue book on servicing. We recommended new servicing procedures. I am not sure how new they were because if one went back into the 1920s and 1930s one would have found the same servicing standards being applied, except that we became very sophisticated over the next 15, 20 or 30 years. Instead of doing servicing in homes on a Y connection everybody had to have their own lateral for sewer and their own lateral for water. One could never run the same water system and split it off for two homes.

It became as sophisticated as the Cadillac, the Imperial or the Lincoln, or whatever standard of car one wanted. But you could not have the Volkswagen or a less significant type of unit. As a result, in 1977 we came out with these guidelines. I want to emphasize that they were only guidelines and suggestions to municipalities as to how they might reduce the cost of servicing to individual homes and thereby reduce the cost of the home to the end purchaser.

We talked about putting in water and sewer lines along the street, and a similar tunnel offsetting the water to the sewer, the water being above the sewer that it offset.

We indicated how to reduce lot size. We indicated the zero lot line. We went to the facts of servicing the unit. Some communities bought it. They found there was a rather significant impact financially against the cost of construction.

I guess we all have the problem that as we grow older we become less flexible and resist the change. There are a number of communities that still have not accepted what we think is a less expensive way of providing service.

I want to say to Ms. Fish, as I do to members here, that we have a responsibility to go to our municipalities, to our local councillors and try to convince them. Indeed, I think that social planning councils that will tell us about the shortcomings have a responsibility to convince their municipalities and their local leaders about some of the things that might be done to enhance the opportunities of new residential accommodations in their old established community.

That program has to be taken out to the individual neighbourhoods. It is no different than if you are trying to sell the idea of a group home going into some neighbourhood. Somebody is going to have to go out and sell it. It is not going to be my responsibility, I can assure you, but certainly I believe the municipality has to understand, has to be aware and has to make what it thinks is the answer, known to its community.

Ms. Fish: Mr. Minister, would that include consideration of elements that might show up within zoning bylaws that have a very direct impact on the utilization of existing structures or the development of new structures, but which might not be a requirement that would seem to have a residential component?

I am thinking, for example, of parking requirements, where parking requirements exist in zoning bylaws for garage space of one car per unit in areas that might, by virtue of the size of the available lot, not physically accommodate the same, and/or areas that might be exceedingly well served by transit.

I would be the last one to suggest that the responsibility of municipal council should be in some way tampered with, but where that very municipal council has set as a major priority an emphasis on transit over private automobile travel, would you be prepared to give consideration to probing behind the veil of municipal responsibility into the content of decisions that flow from the planning and zoning authority?

Hon. Mr. Bennett: We are prepared to do anything we think could assist in providing some accommodation as long as it is not taken as an interpretation that I am looking over everybody's shoulder when it is their personal responsibility, the responsibility of municipal council.

You raise a good point about parking. It has always intrigued me how we used to get hung up talking about parking requirements. We could have a residential home on that street with two or three children who had all attained the age of 16. Next year, each one of them would have a car and we had no provision in the bylaw that said they could not have all those cars—at least we did not in Ottawa.

Ms. Fish: Not yet in Toronto either.

Hon. Mr. Bennett: That is right. The moment we started talking about dividing that home up into two units we wanted to start talking about how one would provide parking space, but we never worried about it when it was a single-family unit. There might have been fewer cars with a single-family unit—

Mr. Breaugh: I am in favour of all of them having cars.

Hon. Mr. Bennett: I realize that. If I came from Oshawa, I would favour them all having two or three cars.

Let me make one other observation. I mentioned in my opening remarks we were going to have the New Neighbourhood Forum from January 30, 1983, to February 3, 1983, at the Royal York Hotel. On Tuesday morning, February 1, at nine o'clock in the Ontario Room, on topic 2-B, the discussion will be on "Making Better Use of Our Existing Housing Stock in the Municipal Infrastructure." That will likely stimulate a fair number of views as to how government and industry might co-operatively work to make better use of the current stock.

Ms. Fish: Are you going to let all the committee members go?

Hon. Mr. Bennett: Yes, except for the lunches.

Ms. Fish: Can I ask you a final question on this theme?

Hon. Mr. Bennett: Be my guest.

Ms. Fish: We touched last night on some of the areas in which you are in discussion with other ministries. I think the question last night dealt with the building code, if I recall it, where you said you were in conversation with Consumer and Commercial Relations. I am thinking, as well, of conversations with the Ministry of Transportation and Communications, the ministry responsible for decisions respecting transit subsidies in particular.

I am curious as to whether there now is—and there is not do you anticipate there will be—discussion and co-operation between, for example, MTC decisions to support transit lines

and issues of density permission that may or may not occur along those lines so as to assist, not only in efficient use of land but the possibility of job creation, new residential accommodation being built and subsequently increased usage of the lines and so forth?

Hon. Mr. Bennett: A lot of that discussion goes on with MTC, in particular when we are looking at official plans and amendments to official plans as to how their services will impact on that community and where the best land use factors can be made that will then facilitate the beneficial effect of the transit line.

12:30 p.m.

Ms. Fish: Did those discussions occur around the Scarborough light rapid transit line and the issue of densities permissible along that line? Would you happen to know?

Hon. Mr. Bennett: Offhand I do not. Mr. Cornell says that to the best of our knowledge there has been no real impact study from our point of view, or discussions. I would think Metro has likely had a bigger part to play in those discussions with the Ministry of Transportation and Communications than we would, mainly because that land is already zoned and ready for whatever potential use.

Ms. Bryden: Mr. Chairman, I have two questions. One relates to the Ontario Housing Corp. policy on geared-to-income rent. I want to cite particularly the case of Mr. P. T. Gibbard, who is in an OHC building at 1080 Eastern Avenue. He is a Department of Veterans Affairs pensioner. He and his wife are both between 60 and 65 and have no other income. His income went up by 13 per cent between September 1981 and September 1982, but he has received a notice of rent increase in November asking for a 41.4 per cent increase.

This seems a pretty hefty increase for a pensioner, and if his income has gone up by only 13 per cent, one certainly questions why his rent should go up by 41.4 per cent. This will be effective March 1, 1983. There is no—

Hon. Mr. Bennett: What is his income?

Ms. Bryden: His income is \$825 per month.

Hon. Mr. Bennett: And what was his income?

Ms. Bryden: It was \$729 the previous September, so it is a 13 per cent increase. I understand that there may have been some shift in the scale used.

Hon. Mr. Bennett: There was.

Ms. Bryden: It used to be from 18 to 25 per cent of income, depending on the level of

income, and it has now gone up to 25 per cent. Is this a policy that has recently been adopted by OHC? Was it at the insistence of Canada Mortgage and Housing Corp., or was it negotiated with them? Can you explain why his rent would have gone up by 41 per cent? Is there no possibility of phasing in adjustments of this sort?

I do not think any pensioner can absorb that kind of increase in one year. Even if the formula has been changed, it should be changed over a period of five years if it is absolutely essential. But I am not sure we have to go along with CMHC in all these changes of formula if we are trying to ensure that people on low incomes do not have to spend all their money on rent so that they are unable to provide the other necessities of life.

Also, when adjustments of this sort do occur, is it not the policy to give them more of an explanation and not just send a formal notice under the Residential Tenancies Act saying, "Three months from now your rent will go up by 41.4 per cent"?

Hon. Mr. Bennett: First of all, if the individual believes that the rent calculation is wrong—and I do not know whether it is or not—he or she has the right to appeal that rent increase to the local housing authority for review and examination. They might very well want to do that. I have trouble trying to figure out how the 41.4 per cent increase can be achieved.

To go to the second part, I trust that the incomes you gave me were the total incomes of the two persons in the household, not one.

Ms. Bryden: Yes. I understand that they have no other income except his DVA pension.

Hon. Mr. Bennett: If one is 65—

Ms. Bryden: No, they are both between 60 and 65. Neither of them is eligible for the old age pension.

Hon. Mr. Bennett: If his income is \$825, then he would pay 25 per cent of that on his rent-geared-to-income factor.

You asked if there was a change in policy between us and CMHC. If you go back and read my remarks in the Hansard of today's meeting, you will see that I indicated earlier this morning that in 1971 there was an agreement between Mr. Grossman and Mr. Basford, the federal minister back in 1971, to make some downward adjustments in the percentage of income one pays for rent. This was a result of the fact that in 1971 there were some substantial increases in the old age security payments.

Ms. Bryden: So you are going to take those away from them?

Hon. Mr. Bennett: Just hold on a moment. I am taking them away from no one. The burden of paying rent is based on income. Maybe you and I will disagree on what percentage of one's income should go into accommodation. The general theory is that 25 per cent is not an unreasonable amount of one's income to be putting into providing a roof over one's head. These tenants are very heavily subsidized by the other taxpayers of this great province and this country.

Ms. Bryden: The point is he was putting in a much lower percentage under your and CMHC's formulas in the previous year.

Hon. Mr. Bennett: That is right. Make no bones about it.

Ms. Bryden: How can he absorb this kind of a jump—this change in policy—in one year?

Hon. Mr. Bennett: At \$825 he still has a rather sizeable disposable income after paying rent. It is a great deal more than somebody made in the same position as this—

Ms. Bryden: The total income for two people is under \$10,000 per year.

Hon. Mr. Bennett: I do not deny that. But he has a unit that in the private market would likely bring \$350 or \$400 a month in rent.

Ms. Bryden: But that is the point of having supplemented units.

Hon. Mr. Bennett: That is right. One should never forget that is part of the supplementation program which is disguised at many times in one's income position. They never receive it but they get it as a benefit from other taxpayers—a write-down in rent compared with somebody of equal income renting in the private market. You have to make the two comparisons. CMHC said very clearly, "Here is what you owe us because you did not calculate rent-geared-to-income at 25 per cent for these people and we want it paid to us."

You have the choice: either we go back to the formula that had been agreed upon and which is exercised in all 10 provinces, or we do as the feds say. They say: "Stay at the lower level—a variance below the 25 per cent and base—and you pay us, out of general revenue, \$12 million or \$14 million a year. We do not care how you achieve it, but these are the simple facts of life."

I think people should be paying a fair percentage of income towards shelter and I am convinced we should move this to an upper limit

25 per cent. At the very low level of people on pensions and so on, the percentage is not 25 per cent. It can be as low as 16 per cent.

Since 1967, believe it or not, there has been no adjustment in any of the utility charges put against any of our tenants in public housing. At the same time, I expected people who were living in rent supplemented units, who had to pay their own utilities, to pay it at market position today. There is a lack of consistency. As you go back to check for this gentlemen, as well as for other seniors, you will find there were some changes. They were publicly announced—one was hiding anything. It was announced that there would be certain changes in the utility charges, brought in over a two- or three-year period.

You can come here and tell us about somebody who has a 41.4 per cent increase, but you do not want to do the analysis as to where the 41.4 per cent increase comes from. Neither do you want to say whether it takes up more than 25 per cent of his or their collective income. That is the principle of the whole situation. They have a responsibility to be somewhat respectful of the other individuals who are paying the full shot in maintaining their own homes.

I think this province has nothing to be ashamed of in the efforts we have made in trying to provide good accommodation for the seniors and less fortunate families in our society. One of the things about which I have never heard complaints—and as the minister reporting for them I visit lots of senior citizen buildings and public housing projects across the province—is to amount they pay for an opportunity to live in these buildings.

Ms. Bryden: They are complaining now with these sorts of increases coming through.
1:40 p.m.

Hon. Mr. Bennett: I do not think they are complaining. I think they are asking for an explanation. I don't get complaints. They are asking for explanations, and they are fully entitled to them and should get them. We send out notices some time in advance, because we are dealing with about 56,000 units. It is not a matter of being able to go and visit every one to explain. That is why we sent out notices. A good percentage of the people living in those accommodations understand what the notices are all about. The superintendents of the buildings are invited to explain to those who do not, and if they can't do it, the tenants are sent to the local

relations officer to take them through the calculation.

We have moved in a very positive way to try to keep our seniors, in particular, well housed within their financial capabilities. As I said this morning, the cost of providing public housing this year, between you and the federal government—you as a provincial taxpayer as well as a federal taxpayer—in Ontario alone will be \$300 million.

Ms. Bryden: The problem is the private market does not serve that group. They just cannot afford the private market, so we have to provide them with subsidized housing or else raise their income.

Hon. Mr. Bennett: I am not arguing that point with you, Ms. Bryden. That is not what your question was about.

Ms. Bryden: I have this man's documents, his lease and so on, back to March 1, 1980. On none of the documents is there any explanation of increases or decreases. It went to \$150 on March 1, 1980, then it dropped to \$138 on October 9, 1980, then it went up to \$157, and now it has gone up to \$222 over those three years.

Have you never considered a phase-in program to protect tenants from this kind of increase, especially when they are not subject to the same benefits as those people who are covered by rent review? They have no appeal against any increase over six per cent. You took them out from under rent review—

Hon. Mr. Bennett: That is right, because they had been under it for years.

Ms. Bryden: —and so they do not have the opportunity to have the figures brought before a rent review hearing. It seems to me this individual explanation does not give them the full opportunity to examine the costs and to examine what is happening to the charges.

Hon. Mr. Bennett: You will not argue that the government's program has been clearly enunciated at 25 per cent rent, geared to income?

Ms. Bryden: I do not think the tenants are aware of why it has gone up from 18 per cent or whatever it was.

Hon. Mr. Bennett: No, that is not what I am asking you. It has been very clearly enunciated that the rent geared to income is 25 per cent. That income is determined through various calculations and some things are not included in income. The Ontario Housing Corp. and public housing have always been under a rent review

policy because of the 25 per cent rent geared to income. When the income goes up, we share. When the income goes down, we share the loss.

That is very clearly what has happened to this party. There have been, likely, pension adjustments made, if he is under the DVA, and he likely had an appeal that increased his pension considerably in the last year. If I recall correctly, the then federal Minister of Veterans Affairs, announced a rather substantial increase to the veterans of this country. The gentleman in question has shared in that increase, and, in sharing in it, his income has gone up, the same as anyone's income would go up if they had a savings bond at 19.5 per cent last year, such as some of the seniors did. Their incomes went up. They shared that 19.5 per cent interest on their bonds with the people of the province and Canada back in the form of rent.

I make no apologies for the increase in rent. We made it very clear, and I am sure it is the same in any other jurisdiction, that we will take, for the provision of affordable housing, 25 per cent of that individual's income to provide that accommodation. It should not be more, but it should not be less, unless the income is so minimal that we do make a downward adjustment. As I said this morning, it can go down as low as 16 per cent.

Ms. Bryden: You are not prepared to consider a phase-in?

Hon. Mr. Bennett: Who is the phase-in for, the tenant or the taxpayer?

Ms. Bryden: Could you stand a 41 per cent increase in your living costs this year?

Hon. Mr. Bennett: What does it take of my disposable income? That is the question.

Ms. Bryden: No.

Hon. Mr. Bennett: The increase relates to the increase in his income. You know that very well. Do not try to hide the fact he had an increase in his pension. That gave him a higher disposable income.

Ms. Bryden: He had a 13 per cent increase in his pension, not a 41 per cent increase.

Hon. Mr. Bennett: I would like to see the breakdown of the 41.4 per cent.

Ms. Bryden: I have it here. His lease does not give any breakdown.

Hon. Mr. Bennett: His income must be \$888 gross. You said it was \$825. Obviously, he has something in there—maybe cable television? Maybe he is going to keep the television?

Ms. Bryden: No, I took the television out. That is extra. It used to be included. He now has to pay extra for that.

Hon. Mr. Bennett: That's right; why shouldn't he? I have to pay for my own.

Ms. Bryden: I am not arguing about that.

Hon. Mr. Bennett: The washer and dryer, ho water—

Ms. Bryden: This is a new thing I have heard. That you are now charging the appliances to the tenants.

Hon. Mr. Bennett: We always have, as they know.

Ms. Bryden: I think it was included in the rent of his apartment.

Hon. Mr. Bennett: It was included in the lease, but it was charged. I think you would admit that the price of utilities has gone up a little bit since 1967.

Ms. Bryden: Are you talking about the energy used by them, or about the actual cost of the appliances?

Hon. Mr. Bennett: We are talking about the fact that the washer and dryer—whether you talk about the appliance or about the energy cost, basically these added increases relate to the energy cost that we are incurring.

We do have a problem. We do not deny it. If you want to deny it yourself, fine; but we have a problem. Somewhere along the line we have to try to figure out how we maintain these rents in comparison to some individual whose income is no different and who lives out in the private sector without a dime coming from the government, either federally or provincially.

Ms. Bryden: Neither of them is really operating at the poverty line.

Hon. Mr. Bennett: When you go into a private apartment building, you do not get your washer and dryer free. You put a quarter or half dollar in each time you want to use it.

The Vice-Chairman: Mr. Minister and Ms. Bryden, I have exercised some difficulty in seeing the clock, but Mr. Kolyn has a very brief question and then I would like to move on and pass these two votes.

Hon. Mr. Bennett: Could I read into the record an answer to a question raised yesterday evening by the member for Ottawa Centre (Mr. Cassidy), just to clarify a situation?

The member asked if the Ministry of Consumer and Commercial Relations acted to amend the Securities Act—in other words, did they

ke the action to amend it because the Ministry of Municipal Affairs and Housing would not—and was there a legal opinion from CCR that the Securities Act route was the most expeditious one to be exercised?

As I said last night, Consumer and Commercial Relations acted after cabinet directed it—and according to our own people in both Municipal Affairs and Housing and Consumer and Commercial Relations—to find a solution. Legal counsel with CCR said very clearly and directly both to his minister and to our people that the Securities Act was the quickest route to take to stop the issuing of shares for the purposes dictated by the Mayfair Apartments complex in Ottawa and four or five others in the province; and that he felt the best way to do it was to put a termination clause or a sunset clause, whichever you wish to call it, at March 31, 1983, to stop up the problem that we were having.

That was the legal advice given to us. I think it responds to Mr. Cassidy's question and it is the best way we have at the moment to try to resolve the problem. We hope that by March 31, 1983, whatever action is necessary for a long-term position will be taken.

Mr. Kolyn: Mr. Minister, there has been some concern expressed by some of the taxpayers in my riding. Earlier in the spring, when Mr. MacEachen was the federal Finance minister, he had denied in the House of Commons that they were talking about imputed rent. I was wondering if you have any information on this particular issue or if you could get it for me?

Hon. Mr. Bennett: This was on the one where it was the taxable—

Mr. Kolyn: On the home owner.

Hon. Mr. Bennett: I think it was something that was thrown out for consideration. I guess the blue ribbon committee, or whatever they call themselves, the Lortie committee, likely did not give any more thought to that, from a serious point of view of implementation, than they did to implementing the interest write-down, and so on, that Mr. MacEachen was referring to.

I am not going to say whether it was good or bad. It would take a very soul-searching, in-depth review by some very astute financing people to tell me whether it was really of any benefit.

Sometimes the tax laws and the way we play around with them remind me of a story a former alderman in Ottawa used to tell about the native person or the Indian who wanted to have a longer blanket. He convinced himself that he would achieve that by cutting six inches off one end and sewing it on the other. I sometimes think the tax laws of this country are basically done the same way, to confuse us at times.

Mr. Kolyn: So there has been no further discussion about the subject?

Hon. Mr. Bennett: There was never any discussion to start with.

Votes 2404 to 2406, inclusive, agreed to.

The committee adjourned at 12:51 p.m.

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Laverty, P., Project Manager, Policy and Program Development Secretariat
 Pitura, L. F., Assistant Deputy Minister, Community Development;
 Vice-Chairman and Chief Executive Officer, Ontario Housing Corp.
 Riggs, R. H., Assistant Deputy Minister, Land Development;
 Vice-Chairman and Chief Executive Officer, Ontario Land Corp.



Ontario, LEGISLATIVE ASSEMBLY

No. R-39

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament
Thursday, December 9, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 9, 1982

The committee met at 8:08 p.m. in room 228.

ESTIMATES, MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

(concluded)

On vote 2407, municipal affairs program:

The Vice-Chairman: I call the meeting to order. We have one vote, 2407, to complete tonight.

Mr. Epp: Mr. Chairman, I have a few things I would like to discuss with the government today, and they concern the municipal job creation project. As you recall, we got into this the other day for a few minutes, but at that point the minister had not had an opportunity to meet with the municipalities. Could the minister indicate how much money he and his colleagues expect municipalities to allocate for this job creation project?

Hon. Mr. Bennett: You are referring to the one the Treasurer (Mr. F. S. Miller) announced in the last little while in conjunction with Mr. Axworthy?

Mr. Epp: Yes, I am. The \$200 million plus the \$50 million you are going to spend yourself.

Hon. Mr. Bennett: The \$50 million plus \$30 million.

Mr. Epp: The \$30 million the feds are going to spend on their own.

Hon. Mr. Bennett: That's correct. With the \$30 million there will be no provincial participation or recommendations. The \$50 million will be just provincial. The \$200 million is a recommendation involving the federal and provincial committee, which will be designed or developed by the federal and provincial governments in their appointments. I believe there will be seven members on the committee: three from each and then a neutral chairman, whatever that means.

My understanding—and again, when I was with the Association of Municipalities of Ontario today they had just received copies of the agreement that was signed by the Treasurer and by Mr. Axworthy on behalf of the federal government—is that they will be looking forward to participation in certain designated

projects, and those, I want to indicate, will be assessed by the committee I just mentioned as to whether they qualify under the program.

Where the municipality would be expected to put upwards of 20 per cent of the value, that 20 per cent can be made up from the labour content of people who are now in the employ of the municipality, such as the treasurer, the solicitor, the works engineer, the road maintenance supervisor or whoever it might be. Indeed, you can throw into that also the capital costs of equipment and other things that are now in the possession of the local government that will be undertaking the work. So we are not suggesting, by any stretch of the imagination, that it has to be a 20 per cent cash contribution over and above what is now being provided for through the municipal budgeting program.

8:10 p.m.

Mr. Epp: It could be labour, too, labour which is now—

Hon. Mr. Bennett: Except it is supervisory labour, because you appreciate that the whole program is to try to employ people whose Unemployment Insurance Commission benefits have run out and those who have been on welfare. What the program is trying to achieve is to put those people who have run out of benefits back to work.

Mr. Epp: What you are saying is that of the proportion the municipality puts in, included in that could be the labour costs of council, of the treasurer—

Hon. Mr. Bennett: I would not put the council—

Mr. Epp: You did not mention the council, but I am just asking you. The treasurer, the engineer, commissioner of engineering, the superintendent of works and the director of recreation or whatever it might be, depending on the project, could be included?

Hon. Mr. Bennett: Those people who might have designed the project in-house, whatever the project is, would be an inclusive cost.

Mr. Epp: Are you putting out guidelines as to what kind of projects you expect them to have and get some latitude on that, or are you just saying, "Go ahead, boys and girls"?

Hon. Mr. Bennett: The agreement has been supplied to the municipalities. I must apologize to the member but, as of this moment, I have not seen any guidelines. There have been very general views given as to how it can be accommodated. Obviously the committee that will be doing the judging will try to be as lenient as possible and, indeed, will use discretion for any of those municipalities that have a higher than average unemployment situation as a result of particular industries that have closed down or at the moment are not in operation.

Mr. Epp: How much money are you allocating for municipalities out of that \$250 million, or is it just out of the \$50 million?

Hon. Mr. Bennett: No, no. It is out of the \$200 million. Out of the \$200 million there will be allocations. The \$50 million is basically related to ministries other than this ministry. It relates to the Ministry of Education and several others. The \$200 million will be a fair piece of the action. It will be designated to respond to municipal requests.

Mr. Epp: So it could be \$150 million?

Hon. Mr. Bennett: I would not want to get into what the dollar value would be.

Mr. Epp: I am not trying to nail you down on exact figures, only as opposed to \$35 million or something.

Hon. Mr. Bennett: Let me just take a guess. I would have to think that in very fair, good judgement, we are looking at something in the range of \$100 million at least being directed towards municipalities.

Mr. Epp: There is going to be a co-operative federal-provincial-municipal program?

Hon. Mr. Bennett: Correct. It will be the municipality's responsibility to work out the program and to get it in a form that would qualify under the guidelines and find an acceptance at that review committee or whatever you wish to call it. I can only say to you that I am thankful it is not solely my decision that will determine who gets what money.

Mr. Epp: You are going to try to allocate these programs not on a first-come, first-served basis, but on a regional basis where the unemployment is greatest?

Hon. Mr. Bennett: Yes. My understanding is that we will be looking at those municipalities like Sudbury and some of the others like Windsor, where there is a fairly high unemployment rate. I want to draw your attention to the fact, though, that we are still talking about those

unemployed who have now passed through the UIC benefit period. In Windsor and in some of them, that position has not been achieved because their benefits will continue for a period of time yet.

Mr. Newman: Are you going to base it on the index of unemployment in the community?

Hon. Mr. Bennett: Am I going to base it on the index of unemployment in the community?

Mr. Newman: Right.

Hon. Mr. Bennett: It would be taken into consideration. I am not sure that I can say it will be based on the indexing because I am not sure how you would put that into the equation.

Mr. Newman: Would a municipality that has an index of unemployment at, say, 19.2 per cent get a greater share of the funding as opposed to a municipality that would have a 15 per cent unemployment index?

Hon. Mr. Bennett: I suppose you have to put into the equation that if you had a municipality with 19 per cent unemployment versus one with 15, what percentage of those people has now surpassed the time to draw down benefits from UIC. That is really why the federal government has put the program into operation. It is to try to give some employment to the individuals who are not now capable of drawing down unemployment insurance.

Mr. Newman: You can rest assured the municipality that has a very high level of unemployment would have had a high level for a fairly long period of time. As a result, I would assume you would give it additional consideration so as to bring that unemployment level down to maybe an average level for other municipalities, if possible.

Hon. Mr. Bennett: I can only suggest we will have to function within the terms of reference set out by the federal government in establishing this program. Then, as I have indicated, they will have to make their application for the particular type of work to this review committee that will be appointed. These programs will commence some time after the first of 1983 and will run for about 18 months. So there is a period of time when that will be taken into account. Some of the communities you and I are thinking of will start to have an unemployment group that will have exceeded the maximum period of benefits from UIC and thereby obviously become a recognized participant in the program that is now designed for the federal-provincial level.

Mr. G. I. Miller: Will that committee be set up on a regional basis, with each region separate?

Hon. Mr. Bennett: I would have to seek some background from the Treasurer on that. The formation of the committee, from what I have been told, will be three, three and one.

Mr. G. I. Miller: On a local basis?

Hon. Mr. Bennett: It is a provincial committee.

Mr. G. I. Miller: Not on a regional basis?

Hon. Mr. Bennett: I will have to inquire.

Mr. G. I. Miller: The reason I ask is that I think the federal government has announced a \$1-million grant to stimulate employment in the tobacco area because of frost damage to the tobacco crop. I think a committee has been set up at the local level to decide on where the money should be allocated. Maybe the question of whether this government will match that money should not go to you, because I do not know if you have the responsibility. It is probably the Minister of Labour (Mr. Elgie).

But that is not the point I was going to raise. I just wonder how it is going to work. In my municipality people come in and say, "We have no place to go but on welfare." I say, "I do not have any alternatives for you; I can send you to the municipality," but they have no work programs there. I really think it should be done on a municipal basis and that a committee should be established.

I will give you an example. I read an article only last week in the Caledonia Sagem, a local paper, how in 1932 the municipality set up a committee and everybody who was unemployed put their name in. I think they had 60 couples and 30 single people. They had no work—that was Depression time. The unemployed said they would report back to the senior level of government, which was provincial, and they would try to provide work under the direction of the program that was laid down at the provincial level.

I think we are in a similar situation now where we do not have any alternatives. Maybe we can take some lesson from that—to involve the local municipalities and let them come up with jobs. Maybe each municipality should be given so much money to work with. There is nothing worse than somebody coming to you and saying, "What are you going to do?" Nobody wants to take welfare. We have to have some alternatives.

Hon. Mr. Bennett: I would suggest there will be a committee established. Whether it will deal on a regional basis or a provincial basis I am not quite sure at this point. But there will obviously

be people who will understand what the essentials of the program are and who it is they are trying to aim the program at. I would hope they would not just make work, but produce some type of program that produces something that ultimately the community will require. And I hope it also would resolve the problem of some of those who are less fortunate—who are unemployed but not on UIC benefits.

Mr. Epp: I am not clear, and I am not sure you are clear, as to who is going to appoint the members. As I understand it the federal government is going to appoint three. Is the provincial government going to appoint three, or the regional?

Hon. Mr. Bennett: It is my understanding the feds will appoint three and the provincial appoint three, and I gather from the preliminary discussions I have had that the seventh person, who will be chairman, will be by mutual agreement.

8:20 p.m.

Mr. Epp: Between the feds and the provincials. Can you give us an assurance here that the provincial representatives in each municipality, whether it be regional or not, will be appointed after consultation with the regional or the local municipality?

Hon. Mr. Bennett: First, I am not sure I can give you that assurance as they do not fall within my jurisdiction. Second, since we have only three, I am not sure which municipalities we want to discuss it with.

Mr. Epp: If it is regional, you could discuss it with the regions.

Hon. Mr. Bennett: You are talking as if it were a regional committee.

Mr. Epp: Or local.

Hon. Mr. Bennett: I cannot appreciate it being local, to be honest with you. I think you have to have a much broader understanding of what it is the feds and the province are trying to achieve—basically what the feds are trying to achieve—with this program.

I will certainly inquire as to who appoints whom and how many committees there will be in the province. There is this one committee. Is there a second committee as well, Larry? Larry Close is with the Ministry of Municipal Affairs and Housing.

Mr. Close: Mr. Chairman, the minister is speaking of the advisory committee which, as he suggested, is a broadly based committee from the private sector, the communities and the

municipalities. That is where these appointments will be found.

Below that, there are a couple of committees. As to the one I imagine you are most interested in, there will be a secretariat which will actually be looking at the individual projects and recommending up through the advisory committee the projects to be undertaken. On that secretariat there will be community representatives.

Mr. Epp: Are all these going to be full-time jobs?

Mr. Close: I should imagine for the first while they will take a considerable amount of the individuals' time when the mass of applications first comes in. After that, of course, it will thin out. In the first analysis, it will be pretty much a full-time job.

As to the point about community involvement, each municipality will receive an allocation and it will be up to the local government and whoever it wishes to involve to decide upon individual projects. There very much will be local decision-making in this.

Mr. G. I. Miller: I have heard the federal money was being allocated. The three members were setting up the committee and deciding where that federal money was going in for local employment. They were appointed and they were not government members. They were members of the opposition representing Haldimand-Norfolk, Elgin and Oxford, three Conservative members who were given the right to decide how that money was going to be directed.

Mr. Close: To the best of my knowledge, that committee has not been set up under this present program. That is something entirely new to me.

Mr. G. I. Miller: It was announced about a month ago.

Mr. Close: That would be some other program, of course.

Mr. G. I. Miller: It was in connection with the frost damage in August.

Mr. Close: That would be beyond the employment incentive program we are talking about right now.

Mr. Epp: I have another matter I would like to draw to the minister's attention. It is a letter I have received. I was wondering whether you could indicate to me how I should respond to it. It is with respect to the Ontario incentive program which I wanted to raise the other day

and it was suggested to me I raise it under vote 2407.

I will read a good part of the letter and maybe you could suggest how I should respond. It says: "The majority of local people started work on August 31, 1982, and were terminated on October 20, 1982, being told that the Ontario incentives make-work program funds were exhausted.

"As terms of employment, the persons employed by this program were made to sign the following agreement in Bob Hancock's office"—this is in Chatham—"at city hall and witnessed by his secretary.

"1. Cannot join a trade union and no union dues to be taken off.

"2. One and a quarter days pay per month for personal or sick leave.

"3. Hard shoes to be worn.

"4. City working hours to be 35 hours per week.

"5. No benefits of any kind will be paid.

"When the workers questioned signing this agreement, the secretary told them it must be done because of the provincial funding. Upon being initially employed by the city of Chatham, these workers were told by Jack Godfrey, work superintendent, and his assistant, Dave O'Malley, there would be work available till Christmas.

"It gave these persons a new outlook on life, and they were beginning to see a light at the end of the tunnel. Can you imagine the disappointment when on Tuesday, October 19, they were informed the funds would be depleted on October 20, 1982, and they would be all laid off? Can you also imagine the anger and frustration when they learned shortly thereafter that a great amount of these funds had been used to keep 17 union employees on the payroll longer than usual?"

It goes on: "These workers under the Ontario incentives make-work program, when laid off, had to return to welfare, and at which place they were initially refused help by a Mrs. Burke of the city welfare department. And then when these funds were allocated to Chatham, I recall a statement of the terms of reference for the program," and the writer quotes: "'For areas of high unemployment to employ welfare recipients and those whose unemployment had run out.' This program was not to interfere with regular jobs in the communities."

Hon. Mr. Bennett: That's right.

Mr. Epp: These people were then laid off. It was a place of high unemployment. They were told they had a job until Christmas by the city, on instructions, I understand, from the prov-

ince, and all of a sudden they were laid off and other people were kept on in full employment because they were union employees.

I have no objection to keeping union employees on; I think obviously they should be kept on. But these people were told they had a job until Christmas. They were taken off the welfare rolls, and all of a sudden something must have happened and the thing was changed.

I also want to read you an article in the Chatham Daily News of November 10, 1982:

"Chatham-Kent MPP Andy Watson said today he won't insist the city of Chatham refund part of the \$450,000 it received under a provincial make-work program even though 17 workers in the program were laid off and replaced with an equal number of unionized city employees. Watson, in an interview, said early Tuesday that provincial funds directed to the city under the Ontario employment incentive program were not to be used to pay full-time city employees." That is what he said.

"He said he would check with city officials and if he determined that was the case he would ask that a portion of the money be refunded. Watson said late Tuesday he contacted Gerry Nagle, the city's personnel officer, and learned that 17 unionized workers were not considered full-time employees by the city. He also said Mr. Nagle received permission in writing from the government ministry in charge of the make-work program to allow the funds to be used to permit the unionized workers to continue to work," etc.

How do you expect me to reply to this person, who in all seriousness, unless you can tell me he has got his facts wrong—

Hon. Mr. Bennett: I don't know. You are asking me a question out of the clear blue as to whether his facts are right or wrong. I cannot tell you. I will accept the facts as they are presented, and I would suggest that you might want to refer the letter to the ministry to have it reviewed to see whether the facts are correct and what might be the difficulties they are experiencing.

Let me only suggest to the members that the moneys were allocated and the terms of reference of employment were left to the municipality, save and except the fact that they were to try to take people who were unemployed, on welfare or on Unemployment Insurance Commission benefits. This is an interesting program that is now being brought forward. If they were on UIC, it was still to give them an opportunity to go back to work.

I am not sure that I draw from your remarks that the 17 workers you speak of were in the employ of the municipality or whether the 17 union employees had been laid off.

Mr. Epp: No. They were hired and then were laid off because they were told that they had permanent employees in Chatham—

Hon. Mr. Bennett: Were they 17 employees who were in the employ of the city of Chatham?

Mr. Epp: Not originally. They were hired under the make-work program.

8:30 p.m.

Hon. Mr. Bennett: Whether they were unionized or whatever their positions happened to be—

Mr. Epp: They were told they were going to have a job until Christmas.

Hon. Mr. Bennett: That is a statement the municipality would have to attest to; I cannot. The moneys were allocated to them for certain specific problems, to employ X number of people on jobs that would benefit that community. If in the interval there was a change in the program, obviously we should have been made aware of it. Whether we were or not, I do not know. I would have to take that letter and do some background work for you.

Mr. Epp: I will give you a copy of the letter.

Hon. Mr. Bennett: Mr. Watson's suggestion, as to whether the 17 should be expelled, I don't know why; if they were union employees—obviously they were not union employees belonging to the union that might be representing the municipal employees in the municipality.

Mr. Epp: As I understand the program, they were supposed to hire employees who did not have a full-time job. The 17 who were hired were on welfare. All of a sudden they were laid off, and 17 union employees started to get the money from the municipality. They were laid off, yet they were originally told it was a make-work program and that they would be there until Christmas.

Hon. Mr. Bennett: I think you can appreciate that I would not have the facts at my fingertips as to why the 17 were laid off and 17 others brought on, regardless of whether it was because of the union or anything else.

Mr. Epp: I am not objecting to union employees working—

Hon. Mr. Bennett: Nor am I.

Mr. Epp: —but my question is, why would the

17 be hired and then suddenly be laid off, and 17 union employees, who were already working for the city, be hired?

Hon. Mr. Bennett: The best thing I can do is take the letter and ask the mayor of the municipality for an explanation as to why he would do it; that is, he representing the elected body and who I trust is in control of whatever is going on—or she, pardon me; Chatham now has a lady mayor.

Mr. Epp: I will get a copy. Maybe the clerk will make a copy of it for me.

Hon. Mr. Bennett: I will be glad to try to find out what it is all about.

Mr. Epp: I will even let you have a copy of the comments made by your colleague Mr. Watson.

Hon. Mr. Bennett: I would appreciate that, because I am sure Mr. Watson's comments are 100 per cent correct. That is not blind faith or trust.

Mr. Epp: You are taking a chance, though.

Hon. Mr. Bennett: Life has always been in that position.

Mr. Epp: We know that you live recklessly.

Hon. Mr. Bennett: Not quite, sir, not quite, even though I come from Ottawa.

Mr. McGuigan: I have a question on the employment incentive program.

Mr. Epp: Go ahead, and then I will come back.

Mr. McGuigan: Mr. Minister, I was going to offer a suggestion on the recent employment incentive program.

Hon. Mr. Bennett: Just for clarification, which one are you referring to, the one that is currently in operation? Or do you mean the one that was for \$35 million back in—

Mr. McGuigan: The one that is currently in operation. I understand that under the private sector, 50 per cent of the money is provided. Is that correct?

Hon. Mr. Bennett: There is provision within the program that will allow the private sector to participate, yes.

Mr. McGuigan: One of the things I have noticed is the many abandoned buildings on housing sites on farm land. As farms have been consolidated, the old house has collapsed or has partly fallen down and the trees and bushes are still there. A lot of these dot the countryside. I wonder if it would not be in order to throw out the suggestion that the private sector put up half

the money for cleaning up these sites, with your program providing the other half.

Hon. Mr. Bennett: First of all, I suggest that portion of the program will not likely touch upon the Ministry of Municipal Affairs and Housing; it will likely come directly through the Treasurer's office or from whomever they might assign that responsibility to.

My understanding is that the maximum benefit the private sector could achieve under the formula in the new agreement is 50 per cent, and that it will have the same opportunities, or the same test, of going through the committee to determine whether it is a worthwhile program or project for that community. If it fails that test, obviously it will not be granted the funding. If it does meet that test, it will secure the funding. But not greater, I understand—and this is the federal-provincial agreement—not greater than 50 per cent of the actual cost.

Mr. McGuigan: I was not suggesting anything greater. I was just suggesting it as an idea that perhaps could be thrown out, which people all across Ontario might wish to take up.

Mr. Epp: I want to discuss provincial-municipal relations in Ontario. As you are aware, in November 1979, four directors of the Association of Municipalities of Ontario withdrew from the provincial-municipal liaison process out of an extreme sense of frustration with the provincial government. That frustration was based not on one matter, but on half a dozen or so.

You will recall that Darcy McKeough interpreted the Edmonton commitment and thereby deprived the municipalities of a considerable amount of funds. You will recall that recommendations of the provincial-municipal grants reform committee, which was chaired by the Deputy Minister of Intergovernmental Affairs, came to nothing, except for printing two large volumes. The only people who benefited from that were the people who ended up printing the volumes.

You will recall in August 1979, the cabinet rejected a revenue-sharing formula that had been agreed to by AMO and the Minister of Intergovernmental Affairs (Mr. Wells). In 1980, 1981 and 1982, grants to municipalities were increased by an amount less than the rate of inflation. The province announced transfer payments—I think between Christmas and New Year's in 1981 or in early January 1982—without any consultation with municipalities on the matter. You will recall welfare benefits were increased by the Minister of Community and

Social Services (Mr. Drea) in the midst of a fiscal year without prior consultation.

My question to you is, how do you feel about current municipal-provincial relations in Ontario? If you feel they are not up to what they were 10 years ago, in 1973 and thereabouts, during the Edmonton commitment, what do you plan to do to improve those relations?

Hon. Mr. Bennett: I think AMO's relationship with the Ministry of Municipal Affairs and Housing has been a rather improving one over the last 18 months. I have said before, and I have no reason to resist saying it again, I think the Committee on Government Productivity, which came into being in this province back in 1971 or 1972, and which was trying to streamline the government's delivery program in a more business-oriented way, did a disservice to municipalities inasmuch as it excluded municipalities from having any single, visible—I want to underline the word “visible”—apparent representative at cabinet level. I think adding the Housing portfolio to the Ministry of Municipal Affairs has been welcomed by AMO, and indeed by the municipalities in a very general way.

Mr. Epp: I would agree that joining those two together has been a good move.

Hon. Mr. Bennett: It is a one-window delivery system, and it gives the municipalities some appreciation at least of whom they can tag if they are not satisfied with something at the cabinet level.

Let me tell you the frustrations are as great with the minister as they can be with AMO. I think we experienced that in some of our discussions with AMO this morning over a three-hour period. It does not mean that because AMO asks for something it is going to get everything it asks for, any more than I, as the Minister of Municipal Affairs and Housing, when I come in and ask the Treasurer or others for certain things, am going to get all I want. Obviously I am going to get whatever we can find a compromise settlement for.

AMO certainly would like certain advantages, certain benefits and certain programs put up front and centre for them. In the discussions I have had with the members of that group, however, while they do ask, they are also realistic and realize that some of the things they ask for are not going to be achieved because they are just beyond the financial and sometimes legislative ability of this government to perform or deliver to them.

8:40 p.m.

I do not apologize for the fact there are frustrations. If there were not frustrations, it would obviously mean we would bend to every wish, every desire and every whim that would come to their minds. Indeed, I can think of one that came to the mind of one member of the Association of Municipalities of Ontario today, which I am sure was said out of a complete desire to deliver a better program in her community as long as she or her community was not be called upon to pay for it.

Mr. Epp: I do not want to suggest, and I do not suggest for a moment, that the ministry has to produce everything the municipalities ask for because every year that would get bigger and bigger and there would be no end to that. As to some of the things I cited, I do not suggest you should give them everything they ask for. When we talk about the Edmonton commitment, it was an agreement, a commitment by the government, and they did not get everything they asked for. Mind you, that commitment did not last long, but it was a commitment. Then it was reinterpreted at least two times and maybe three times thereafter, and the whole thrust of the Edmonton commitment eventually phased out.

I am talking about the grants program. There was a study and I think implicit in that was the fact they thought something was going to come out of that grant study. It was a huge—

Hon. Mr. Bennett: They were hopeful something would come out of it.

Mr. Epp: They were hopeful but they have to be more than hopeful; there has to be some expectation. You do not go through this whole charade—

Hon. Mr. Bennett: Is expectation not what hope is? It is one and the same, is it not? I would hope so.

Mr. Epp: No, expectation is not the same as hope.

Hon. Mr. Bennett: Oh, I see. I am not a school teacher—

Mr. Epp: Neither am I.

Hon. Mr. Bennett: —and I am not very learned in the dictionary, but I would think that hope and expectation have some relationship.

Mr. Epp: No.

Mr. Sweeney: If you have expectation, you are reasonably sure it is going to happen.

Hon. Mr. Bennett: What is hope then, John?

Mr. Sweeney: It is maybe yes and maybe no.

Hon. Mr. Bennett: What is expectation then, John?

Mr. Sweeney: Expectation is more positive.

Mr. Epp: You can have a hope that you are going to be in power for another 40 years, but that is not going to be an expectation.

Hon. Mr. Bennett: That hope and that expectation are likely one and the same with reality.

Mr. Epp: You are away out.

Interjections.

Mr. Epp: Aside from that, aside from you trying to digress—

The Vice-Chairman: Might I rule on that?

Mr. Breaght: No.

Mr. Sweeney: On that one, the chairman would not be impartial.

Hon. Mr. Bennett: He has always shown that over the last hours. Did I get you off your train of thought?

Mr. Epp: Almost.

Hon. Mr. Bennett: Was it CPR or CNR. Art Eggleton can tell you more about that train of thought.

Ms. Fish: That's terrible.

Mr. Epp: Getting back to transfer payments, last year I think you announced your transfer payments to municipalities in the middle of the night.

Hon. Mr. Bennett: No, I made sure it was at lunch time so I could entertain them.

Mr. Epp: So they would not object.

Hon. Mr. Bennett: It is a freebie.

Mr. Epp: Yes. I helped to pay for that.

Hon. Mr. Bennett: You are absolutely right. We have still got the grant payment to Kitchener.

Mr. Epp: Waterloo.

Hon. Mr. Bennett: And Waterloo; the region.

Mr. Epp: I am already paying too much to the region. You know that.

Anyway, are you going to treat the municipalities as shabbily this year as you treated them last year with respect to the announcement of transfer payments, or are you going to consult with them and try to get some meeting of minds on transfer payments? As part of that, are you going to give them an increase over what you gave them last year?

Hon. Mr. Bennett: The answer to the latter part is, yes, we will likely give them an increase over last year.

Mr. Epp: It is not going to be nil, as was written in your speech—

Hon. Mr. Bennett: You have asked me a question and I have answered as directly as I can possibly answer tonight. There will be an increase. What the percentage will be, I do not know. It could be anywhere from half a per cent upwards to dear knows what.

The next question you asked is whether we treat them shabbily. We have never treated the municipalities shabbily and you know that very well. That might sound good as political rhetoric.

Mr. Epp: Last year you waited to announce it in the middle of the—

Hon. Mr. Bennett: As political rhetoric it might sound good, Mr. Epp, but you must appreciate we have constantly improved the number of actual dollars flowing to municipalities.

Mr. Epp: Actual.

Hon. Mr. Bennett: That is correct, actual dollars. We have continued to take off certain responsibilities that at one time they were committed to and which they no longer happen to be committed to. Let us look at the 7.5 per cent we took off for public housing. It seems to be like air: it just disappears. You prick a balloon, it falls and the air is gone; you do not know where, but it is gone. It seems to be the same thing with millions we picked up in the 7.5 per cent category.

Mr. Epp: Yes, but you do not mention the millions the municipalities lost when you reinterpreted the Edmonton commitment.

Hon. Mr. Bennett: The Edmonton commitment was not a commitment for ever and a day. It was, at that point, an understanding of participation in certain sharing of funding. But there was no indication it would go on for ever and a day, any more than any other program you happen to be in, sir, is going to go on for ever and a day. Government must have the opportunity, whether it be federal, provincial or municipal, to alter or adjust programs as the times dictate.

It is great to say you have made a commitment and you have to live up to it even if it drives you into bankruptcy. What the hell is the difference? The fact is that government had to realize it could not continue the Edmonton commitment for ever and a day. I recall it, because I sat at the Sheraton Hotel shortly after it had opened with Charlie MacNaughton, John White and dear knows who else, discussing the Edmonton commitment and who was going to

get what and how it was going to be done. The fact was there was no commitment made—and that is very clearly underlined, no commitment was made—that it would go on for ever and a day.

Mr. Epp: Was that the Edmonton commitment?

Hon. Mr. Bennett: That was the Edmonton commitment. It was after they returned and we got into some of the discussions. This was when discussions were taking place between this province and its municipalities, or its municipal associations, as they were known at that time.

Mr. Epp: But the commitment was made in Edmonton.

Hon. Mr. Bennett: The commitment was accepted in Edmonton and the commitment was made to our municipalities in Ontario, that is correct. It was known as the Edmonton commitment, because of where the negotiations originally took place with the federal government. It was at a conference in Edmonton, which is somewhat west of Ontario, in a province that has a fairly substantial heritage fund. If we could get hold of it we would do very well.

Mr. Epp: East of BC.

Hon. Mr. Bennett: East of BC and west of Manitoba.

We have tried to respect, honour and recognize the problems municipalities have in this province, and have tried to continue to give them an opportunity through a grant formula of changes to improve their financial position. You asked me if they were treated shabbily. It is interesting how we, in the political world at the provincial level, think everything is shabbily done.

You also have the awareness, I am sure, knowing your political background, having been on municipal council, that sometimes you could yell, but you knew very well there was not going to be much more than the echo of your own voice going over the mountain. But at least what you were saying in disrespect of the provincial government sounded fairly good on radio and television and printed pretty well in the local newspapers.

You knew damned well it was not going to be resolved anyway, because the provincial government had gone to the limit it could possibly go, unless you and I recommend that we should increase provincial taxation, sales tax or something else to bring revenues into this province. Ultimately, you know as well as I do the source of funding by this government, the municipal

government and the federal government. It virtually all comes from the same pocket.

Mr. Epp: I would sell the land banks, Suncor—

Hon. Mr. Bennett: You would sell a lot of things, I know.

Mr. Epp:—and Minaki Lodge for \$45 million.

Hon. Mr. Bennett: I think I have a little bit of knowledge about Minaki—as much, if not more, than you have, sir. To go back to that one, I could very well, as the Minister of Industry and Tourism, have walked away from Minaki and said: "That's it. Don't worry about it. Let it run into receivership and 32 other small firms in the Kenora area will go with it." Then I would have heard the opposition parties asking me how I ever allowed that kind of disaster to strike at the economics of Kenora. We used judgement, and it did not make any difference.

Mr. McGuigan: Now you have a big disaster instead of a small one.

Hon. Mr. Bennett: No, I do not have a big disaster. Your community and my community in the southern part of Ontario have been well looked after through the expenditure of public funds, federal, provincial and municipal—well looked after. Make no bones about it. We have highways, bridges and whatever else was needed to induce people to come to our area to see certain things.

Then we go into the northern part of the province where, for some reason or other, the only thing we should look at is the validity of the production of some of the natural resources for the improvement of the economy. When we started talking about trying to translate payments from government coffers into producing some tourist attractions, just because the population is small and its economic impact in the economy of Ontario does not seem to have that much validity, we are told we should walk away. I do not believe that.

In Tourism, we realized one thing very clearly. If we did not have some kind of a magnet, something that would draw people back into the northwestern part of the province, this province could very well find that whole industry going down the drain quickly. You ask me, "How did you come to that conclusion?" We do have advisory committees, people from all different political walks of life. Indeed, I would have to say to Michael there are a fair number of people who represent his party, or at least vote from his direction in the northern part of the province, but who produced a very valid argument about

how you create employment in northwestern Ontario.

8:50 p.m.

It is not going to be singularly in the resource industry. It is going to have to be a rounded type of environment in the economy, and we believe—I believe—that in the long-term position of Ontario, while the cost is somewhat greater than I would ever have anticipated for Minaki, and I make no bones about that, I still think that in the long draw Minaki will produce some very valuable opportunities for the people of northwestern Ontario, whether native people or others. I think we can do a fair job in selling that operation down in the midwestern United States and out in Manitoba. But those are judgement decisions.

Mr. McGuigan: But the argument is not whether or not you do something for northern Ontario; we are as anxious as anybody to see northern Ontario prosper. The real question is whether you invest in a worthwhile project or whether you invest in a boondoggle. I think most people in business operate on the premise that when you make a mistake it is better to walk away from it.

Hon. Mr. Bennett: Hold on. Who says it is a mistake at this point? Besides the opposition, who says it is a mistake?

Mr. McGuigan: Our judgement is probably as good as yours.

Hon. Mr. Bennett: You said, back in 1972 and 1973 when I was the Minister of Industry and Tourism, that Ontario Place was a mistake, too. I recall that very distinctly.

Mr. McGuigan: Not from me.

Hon. Mr. Bennett: I said you, the opposition, and I recall that. Would you say Ontario Place is a mistake today?

Mr. McGuigan: Oh, we can make a mistake.

Hon. Mr. Bennett: Would you say the Ontario Science Centre is a mistake? That was also classified in the same category. Some people might say that Thomson Hall was a mistake, that the provincial and municipal governments should not have got involved in any kind of contribution. But I think we will have to admit that they are part of a cultural development of Ontario, and in my opinion Minaki has a very solid historic meaning in northwestern Ontario.

The Canadian National Railway originally built it. Then it fell into various hands. Maybe I should not get into this in these estimates, Mr. Chairman, but I faced Stephen Lewis at the

time, and if we had not taken Minaki they would have gone hog wild over the issue that we did not keep Minaki. If we had let it pass, it would have fallen into foreign hands, because the first mortgage on the property was held by a man by the name of Griswell out of Minneapolis, Minnesota.

Very frankly it would have gone to Americans, and I could just read the headlines the next day that this government had walked away from a historic site in Ontario and allowed foreigners to take it over at the same time as 32 small businesses in Kenora had gone defunct as a result of the government's position. There were a lot of things that went into the discussion and arguments.

Maybe I should not even be discussing this tonight, because there is already a court case against Mr. Allan Grossman and me for \$9.5 million as to the right of the province of ever taking it back from the original owner.

Mr. McGuigan: You are saying it was a political decision and not a business decision.

Hon. Mr. Bennett: Do you know many around this place that are not?

Mr. McGuigan: We would like to think of the province as being—

Hon. Mr. Bennett: Do you know many decisions around here that are not made by the politicians? I hope to hell we have not given all of the things away to the bureaucrats. I hope we have kept some of them for us.

Mr. Breaugh: Let's not run down the bureaucrats.

Hon. Mr. Bennett: I didn't run down the bureaucrats. I said the decisions, I didn't say the recommendations.

Mr. Riddell: As long as we can get rid of acid rain and give some reason for the tourists to come to this good province of ours.

Hon. Mr. Bennett: If you look at the statistics with Gordon Walker, who was here just before my estimates, and those of the Minister of Tourism and Recreation (Mr. Baetz), you will find that the tourist traffic in this province in the last year has been rather substantial.

Frankly, while it is easy to criticize Minaki and—

Mr. Riddell: You know why that is. It is not because—

Hon. Mr. Bennett: It is the price of gas, I suppose you are going to tell me, and the difference in the dollar's value. That is the same reason that Eddie Lumley keeps telling you how

ing a trade surplus we have, because he has got a dollar value factor working for him. That also applies to tourism.

The Vice-Chairman: Order.

Mr. Riddell: Wait until we get closer to par and then see if they come over. They will come over if they can get fish out of our lakes; but if they can't, they won't.

The Vice-Chairman: I hate to interrupt this very interesting conversation, but I am sure Mr. Epp has some—

Hon. Mr. Bennett: I will go back to Mr. Epp's remarks. I still think the relationship of this ministry and this government with the Association of Municipalities of Ontario has been constantly improving. I do not disregard the fact that there are certain frustrations. They are not all because I can control them or anybody else controls them. Some of the frustrations, you will know, are right now being expressed about Bill 14, which is the conflict of interest act. They would like it to be gone through, processed, have royal assent and be in place at the end of the session, whatever date that might be.

Mr. Epp: I'm glad you mentioned that one.

Hon. Mr. Bennett: Yes. They would also love to see Bill 11 processed through to the end as well. They would like to see a lot of other things, but they are also realistic that this Legislature has a right to debate whatever the bills are, even though they recommend them or support them. I said to them this morning, on Bill 14, I am not just sure how far we will get into it in this session. I am going to suggest to our House leader, and I hope I will have the concurrence of the two critics in the House, that if Bill 14 cannot be finished before the conclusion of the House, we can send it back to committee. I would let it live in so that it can be brought back into the House in the new session without a new bill having to be introduced. The same thing, I like to think, might apply to Bill 11. Time will tell whether that is a practical direction to be taking.

Mr. Epp: I am glad you mentioned Bill 11, because I received some calls last week and could not believe my ears. They said Herb Epp was holding up Bill 14, the conflict of interest bill. I said: "Look, I am the opposition. That bill was introduced on March 11. How could Herb Epp hold it up? Claude Bennett and everybody else tell me they have the right to introduce legislation when they want to."

But they said: "No, Herb Epp, you are holding it up. That is what we are getting from the ministry." I said, "Boy oh boy, have I got a lot of

power. I have a lot more than I thought I had." They kept on saying I was holding it up.

Hon. Mr. Bennett: That is like how much power they have with Bill 179.

Mr. Epp: I had to keep on telling them: "It is the government's order of business. Bill Davis keeps on saying, 'Remember the ides of March and the realities of March 19.' They are going to run things the way they want to run them. We are not holding things up."

Hon. Mr. Bennett: Who said that to you, Mr. Epp? I would like you to put it on the record.

Mr. Epp: He said, "Remember the realities of March 19."

Hon. Mr. Bennett: No, no. I am very positive what that was all about and I am sure you were positive what it was about.

Mr. Epp: I found it hilarious, because you people should take responsibility for the bill not going on.

Hon. Mr. Bennett: Absolutely right.

Mr. Epp: I hope you will introduce it very shortly for second reading and that we can then have it go to committee.

Hon. Mr. Bennett: If we ever get a chance.

Mr. Riddell: We will come back in January.

Hon. Mr. Bennett: Sure. I could be back here in January, February, March, April, May, June, July—whatever month you want. If you want to come back here in the farming season we will be delighted to meet you here—as long as you do not take away a skiing season.

Mr. Riddell: I will be here.

Hon. Mr. Bennett: If you are going to take that away, then we will be looking for a tradeoff.

Mr. Epp: I want to ask you some questions about assessment. I know that assessment is not under the Ministry of Municipal Affairs and Housing but neither is rent review, and you did a study on that.

What involvement has the ministry had in the impact study of section 63, formerly known as section 86, in Metropolitan Toronto, and in the analysis of that impact study?

Hon. Mr. Bennett: We have been consulted, we have looked at it and we have left it with the Minister of Revenue (Mr. Ashe) who we think is better qualified to answer your question further.

Mr. Breaugh: The study is done?

Hon. Mr. Bennett: Yes.

Mr. Breaugh: Do you have any idea when it may be made public?

Hon. Mr. Bennett: No.

Mr. Breaugh: It is that bad?

Hon. Mr. Bennett: No. Next question.

Mr. Epp: Is the cabinet discussing—no, you are going to claim immunity.

Hon. Mr. Bennett: Immunity—that is right.

Mr. Epp: Cabinet immunity or whatever.

Are you and your colleague George Ashe seriously thinking about bringing in section 63, formerly section 86, in Metropolitan Toronto without the city of Toronto concurring with that? I ask that because you have always said the municipality has to ask for that. Are you seriously thinking about it?

Hon. Mr. Bennett: I would answer your question this way: We have asked the municipality to request of the government the implementation of section 63 or section 86, whichever it happens to be. Up to this time we have not changed our position in respect to that kind of action. What will happen in Metropolitan Toronto I guess will be the subject of discussions over many hours.

I do not want to suggest to you that nothing will happen. On the other hand, I do not want to suggest that anything is going to happen.

Mr. Epp: Are you saying the government is still committed to the principle whereby—

Hon. Mr. Bennett: The member for Oriole (Mr. Williams) thinks that is a definitive statement.

Mr. Epp: Are you still committed, then, to the principle that municipalities will first be consulted and will have to request the application?
9 p.m.

Ms. Fish: Are we committed still towards the existing legislation; that is the question.

Interjections.

Mr. Epp: That is not the question. The question is, do you stand behind the policy of the government—

Ms. Fish: Existing legislation. That is right.

Mr. Epp: That is not the legislation.

Ms. Fish: That is the legislation.

Mr. Epp: Yes, but the legislation is not the commitment by the government that the municipality will first have to ask to have that applied to the local municipality.

Ms. Fish: It is in the legislation.

Mr. Epp: It is not.

Ms. Fish: It is so. They have to ask for it.

Mr. Epp: The legislation is there—

The Vice-Chairman: Order. Would you please address your questions to the minister?

Mr. Epp: She is interrupting me.

The Vice-Chairman: Order, Ms. Fish.

Ms. Fish: Picky, picky.

Hon. Mr. Bennett: You have usually invited that kind of interruption in your life.

Mr. Epp: Anyway, it is not part of the legislation that you have to consult with the municipality and the municipality has to ask for it.

Hon. Mr. Bennett: Let me suggest to you that Metropolitan—

Mr. Epp: You have made that statement. The former Minister of Revenue, Mr. Maeck, said that is what they would do, and to the best of my knowledge they have consistently done that.

Hon. Mr. Bennett: Do you know who asked for the study? Metro. Metro agreed at a Metro council meeting to ask the Minister of Revenue and his staff to do the study. They asked; we did not force it on them. I will not deny that there were inside forces at Metro that likely were much more persuasive than you or I in getting them to move in that direction. There are one or two boroughs, or cities—whichever you wish to call them—that were prepared to move on their own to request it.

Mr. Epp: But not the city of Toronto.

Hon. Mr. Bennett: Metro has a participant known as the city of Toronto; that is my understanding. Metro, having asked for it, must have had either Toronto's position—

I am not quite sure if Susan could tell us what the voting power is. Were there any of the city people?

Mr. Breaugh: I don't think Hansard picked that up, Susan. I think you had better say it.

Hon. Mr. Bennett: She was using her thumb.

Mr. Breaugh: None of this Trudeau language here. You have to use English or French—one or the other, not the third language.

Interjections.

Hon. Mr. Bennett: So that Hansard will record it, she did not use the same finger as Trudeau did. She used a much more distinctive digit known as the thumb.

Mr. Epp: Can I ask you another question with regard to this? Do you expect that the province will proceed under section 63 with reassessment reform in Metropolitan Toronto without the concurrence of each individual municipality in Metro? In other words would you go ahead and

apply section 63 to the city of Toronto without the concurrence of the city of Toronto vis-à-vis the council?

Hon. Mr. Bennett: I would not.

Ms. Fish: Of course not. The minister supports the existing legislation.

Hon. Mr. Bennett: Sounds like my wife.

Mr. Epp: But the member for St. George, speaking for the ministry, also says they would not change the legislation—

Hon. Mr. Bennett: She is speaking for her self-interest in Toronto, I would suggest.

Ms. Fish: I am confident the minister supports the existing legislation. Surely all ministers of the crown do.

Interjections.

Hon. Mr. Bennett: As long as we realize that Metro asked for the study but Metro does not have the authority at this moment to ask for an implementation on a Metro-wide basis. It does not exist in legislation. What we still have is a situation where an individual municipality can ask for a study and then ask for implementation after they have had a chance to review the study and all the complications that are apparent for their community.

So we are still in the position with the legislation we now have that if we wanted to move on a Metro-wide basis it would take an amendment to the act to do so. We have no intention of doing something that is not legally possible.

Mr. Epp: You are really trying to skirt that one, because it does not preclude your changing the act—

Hon. Mr. Bennett: Only with the permission of the Legislature.

Mr. Epp: And you have that majority—the realities of March 19, as the Premier tells us.

Hon. Mr. Bennett: Would you say a majority something new in the world history of governments, or would you say a majority has been the common situation with most governments?

Mr. Epp: No, just the abuse of it.

Hon. Mr. Bennett: Abuse be damned. You must be judging from your friends in Ottawa then.

Mr. Epp: Never.

The Vice-Chairman: Mr. Epp, may I advise you of the clock. I think Mr. Breaugh would like to begin his questioning about 9:15. That would give you about six or eight minutes.

Mr. Epp: Let me ask one quick question. No, I will let my colleague, Mr. Miller, have the floor. I understand Mr. Breaugh wants half the time, but the first night he had about three quarters of the time and I had about one quarter—or maybe two thirds, to be generous, to my one third. So if I go over a little today I know he will be understanding.

Mr. Breaugh: You had nothing to say on the opening.

Mr. Epp: I had lots to say. Anyway, my colleague.

Mr. G. I. Miller: I was wondering if the minister would like to bring us up to date on what happened with the shoreline protection assistance program that was brought out last year. I see its budget was cut to about a third. Do you have any plans to utilize this again for work programs for the municipalities?

Hon. Mr. Bennett: Not to be facetious, sharp or short with the member, we ran out of money.

Mr. G. I. Miller: Was there more of a demand than there was money for the program?

Hon. Mr. Bennett: In frank and honest terms, with most programs the government has there are more demands than there happens to be money, yes.

Mr. G. I. Miller: Is the figure of \$532,000 what is available for all shoreline protection in the province?

Hon. Mr. Bennett: That is our allocation for shoreline protection.

Mr. Cornell: It is my understanding it has been in this year, and he is hoping to finish it next year.

Hon. Mr. Bennett: About \$500,000, which we have also carried forward to this year as well.

Mr. G. I. Miller: So you really have not put much emphasis on the protection of our shoreline and public property. Is that what you are saying?

Hon. Mr. Bennett: No, I am saying we have judged the situation and allocated that amount of funding. I am not sure how much more you would have us put into that and take out of something else.

In fairness, there are only so many dollars to go around. It is not any different from running a household. If you only have to judge about buying a new something or other for your home and do not have to worry about the global costs of running a home, that is simple. In government there are all kinds of things we require in the course of 365 days to run that house, so we

had better sit down and do our budget and know exactly where we are going. That is what government is all about. We budget accordingly, and this project received a \$500,000 priority. That is what we thought it deserved.

Mr. G. I. Miller: Do you realize that a lot of real estate is washing away into the lake and it is going to cost the taxpayers of Ontario money as well as homes? Do you not think—

Hon. Mr. Bennett: I did not ask them to move to the shoreline.

Mr. G. I. Miller: I know, but they have been there for many years and—

Mr. McGuigan: They bought lands.

Hon. Mr. Bennett: They bought lands, I fully agree, but people also bought lands on a river or lake and knew the potential dangers incumbent on buying those lands. No one makes any bones about that. This government has tried to afford them some support in shoring up their property. You will recall the big storm on Lake Ontario eight or 10 years ago. We moved in rather quickly with a lot of new money, money that was never budgeted, to try to afford those people some comfort so we could at least save them from real disaster. The storms had caused the erosion.

In my own community of Ottawa—just south of Ottawa on the Rideau River—when I was chairman of the planning board we would not allow people to build along that bank because of its steepness and the continuing possibility of earth falling away. As I travel in and out of Ottawa through that area I now see the whole damned shoreline has been built on and some very expensive homes have gone up.

9:10 p.m.

One thing that always comes to mind when I travel along there is I hope they do not come to ask the province some day for financial support to build up a shoring or a concrete retaining wall to protect their property. They knew very well what they were moving into before they went there. As a taxpayer who has built a house on property away from those hazards, I have to ask myself whether I should contribute to their problem when they knew what was going to happen.

Mr. McGuigan: I can understand some of what you are saying.

Hon. Mr. Bennett: Thank you.

Mr. McGuigan: Perhaps I can just add a point here. One of the main complaints I have received on this is that the municipalities went ahead and

made agreements with property owners to provide money, thinking there was money available. They say there was no ceiling placed on the money at the beginning of the year but suddenly they find out there is none left.

Hon. Mr. Bennett: That is right. The ceiling was on the overall amount of money. We have no real way of knowing how many applications there will be—you can appreciate that. We cannot predict how many people from your riding or some other riding are going to make applications for the funding, but we do say our maximum allocation is \$500,000. I do not think you would ever expect us to find enough money to shore up all of Lake Erie, for example.

Mr. McGuigan: There is the concept though that this is the border of the country and it is a lake we are dealing with. I think the average retreat is something like four feet a year on Lake Erie, so over a long period of time we are going to lose a lot of property. You could come up with a case that the people a mile back should do a little bit of the fighting up at the front. If this was in wartime and an invader came in, we would not say it is the sole responsibility of the people who live on the border of the country.

Hon. Mr. Bennett: That is a general attack on the community. I do not consider every shoreline problem a general attack on the community.

Mr. McGuigan: In an overall sense it is. I will just leave that thought with you anyway for the future.

Mr. G. I. Miller: I am not suggesting you could protect the total shoreline. However, because of the money spent in many areas in my municipality, the shoreline is holding and it is a fine job. Otherwise, you would be spending money on replacing roads, which would add to costs the other way around by direct subsidy through the Ministry of Transportation and Communications. There are some areas that can utilize the money well. I think \$500,000 for the whole province shows very little leadership on the part of this ministry.

The city of Toronto has used this protection plan very successfully. In the construction going on down here in the heart of Toronto they are protecting and will continue to protect. I see this morning they have trucks extending a dike I do not know how far out in the lake, building a dike—

Hon. Mr. Bennett: That is right, but it is not being done by us.

Mr. G. I. Miller: There is money coming from

our government, from the ministry to the conservation authority.

Hon. Mr. Bennett: No, it is coming from construction sites in the Metropolitan Toronto area that are trying to find places to dump debris from demolition jobs and other excavation jobs from the municipality.

Mr. G. I. Miller: Okay, but it is up to the ministry to provide some leadership for other municipalities around the province by utilizing the same principle. I see construction going on all the time. For example, they had to remove the hydro line and the bases, those huge chunks of cement, probably 10 tons. They will be taken to the dump and buried, when they could be put out there where they would do some good protecting real estate and the shoreline.

If there is to be a plan, it has to come from the top level—or it could come from the top level. I think Toronto is a good example. Just giving them a little incentive would get those rural municipalities to spend the money wisely. I think \$500,000 in Ontario indicates this ministry does not really care.

Hon. Mr. Bennett: I suppose if we did not care, we could take the \$500,000 out and put it into something else.

Mr. G. I. Miller: That is what you have indicated you are going to do.

Hon. Mr. Bennett: I have what?

Mr. G. I. Miller: I thought you indicated you were not going to put the \$500,000 into—

Hon. Mr. Bennett: That is not what I said at all. I said it is in—

Mr. G. I. Miller: Did somebody not say that was running out next year?

Hon. Mr. Bennett: No. We said we would put it in this year.

Mr. G. I. Miller: Then will the plan be extended or expanded upon?

Hon. Mr. Bennett: I am not going to offer that assurance any more than I would about any other item I might deal with in the 1983-84 budget. We are now dealing with the 1982-83 budget. I do not intend to project what is going to happen in the coming year. There might be a lot of other things we will try to do next year that will be more advantageous for communities, for the government and for the people of Ontario.

Mr. McGuigan: I take it there will be some money for this program.

Hon. Mr. Bennett: Yes, as Mr. Cornell has said, as long as we make ourselves aware that

the sum we are talking about is not to municipalities but to individuals who make application for it.

Mr. G. I. Miller: Where a municipality has a disaster and it is affecting the roads, there was the shoreline assistance program where the province paid 80 per cent and the municipality paid 20 per cent. Is that program still in existence?

Hon. Mr. Bennett: I referred earlier in this session to where there are disasters, hardships or a major calamity takes place in a community such as a burning. Take Terrace Bay, for example, with Kimberly-Clark's plant. We would have moved in to adjust our financial contributions as a result of the loss of that property which was a major taxpayer in that community. We would have moved in to support the community.

That still applies. In fairness to Kimberly-Clark, even after the application was made re Terrace Bay, Kimberly-Clark came back and said, "Even though we would not normally have to pay taxes because we were shut down as a result of fire, we will honour our commitment as a good corporate citizen of that community," and they did.

Mr. G. I. Miller: We have tremendously good land between Port Rowan and Port Burwell and the farmers are trying to protect their investment in hundreds of acres of land that are gradually disappearing. I think it would be in the best interests of a lot of people in Ontario if we tried to give some leadership in trying to protect—

Hon. Mr. Bennett: I think we have given some leadership. What we are now disputing is how much more one wants to give.

Mr. G. I. Miller: I would not call it very much.

Hon. Mr. Bennett: I would suggest if you want to give another million, we can easily delete it from some of the municipal grants. But that would not find favourable acceptance at the Association of Municipalities of Ontario. We just go on and on. One can delete it here or add there but one has to delete it somewhere. I have so many dollars with which I am going to operate this ministry.

Mr. G. I. Miller: It is a long-term investment and I am saying to you it is working and it has protected.

Hon. Mr. Bennett: Nobody denies that. We have looked at disasters. Take the Oxford situation. Remember the hurricane that went through Oxford?

Mr. G. I. Miller: Yes.

Hon. Mr. Bennett: We came up with a lot of money in a hurry to try to overcome the difficulties. We have responded to places like Pembroke, for example, where they had a flood disaster. We have responded to other locations.

I have the responsibility, and I would hope there is some degree of sharing of responsibility with members of the Legislature. One must live within one's means. If you want to take an extra \$500,000 into shoreline protection, you had better be prepared to suggest that we take it from some other location. Either that or suggest now, Mr. Miller, that we start to increase taxes to compensate the Treasury for the amount of money that is being spent.

Mr. G. I. Miller: To continue the program on a small basis such as a few million dollars is a long-term investment and so on.

Hon. Mr. Bennett: Do not talk so glibly about a few million dollars. I think there are a few taxpayers around this province who still think a few million is a hell of a lot of money. I am one of them.

Mr. Epp: Can I ask one short question?

Hon. Mr. Bennett: Certainly.

Mr. Epp: As you know, the chairman of Metropolitan Toronto, as well as the chairmen of the other regions, gets there by virtue of the fact he is elected by the local councillors. To date you have not supported the principle whereby he or she should be elected by the people. I am not talking about being elected at large. I do not support that. I am talking about being elected somewhere at the local level.

Do you anticipate that when the Metro chairman leaves, you will bring in a new amendment to the act whereby the chairman will have to be elected? Will you do that some time in the near future—I am talking about in the next two years or so—whereby come the next election—

9:20 p.m.

Hon. Mr. Bennett: Three; we have changed it to a three-year period.

Mr. Epp: I know. But the provincial election is coming up within about two or two and a half years.

Hon. Mr. Bennett: That is your hope.

Mr. Epp: Do you expect to bring an amendment? Would you support such an amendment whereby the Metro chairman or the regional chairmen should be elected at the local level rather than continually being appointed?

Hon. Mr. Bennett: What I would do person-

ally and what I think will happen are two very distinct differences.

Mr. Epp: Would you personally support it?

Hon. Mr. Bennett: I made no bones about it. My attitude a year ago was that one of the areas we could be looking at very seriously would be change in direction as to how a regional chairman or the Metro chairman takes that position.

If Ann Jones—just to use a name, because she happens to be a very charming lady in our community—wanted to be regional chairman, I thought one of the things she could do would be to run for an elected position somewhere within the region; it could be as an alderman in Hamilton or in some other part of the jurisdiction.

In my discussions with the Association of Municipalities of Ontario and others, I did say that I could not accept the fact that an individual elected as chief magistrate of a particular community or a senior controller in a community would be qualified to put his name up for the regional top job, because I thought the conflicts and so on were just too great.

I said that I felt it would not be such a bad thing to see a person who had been elected as an alderman put his name up to be nominated and elected eventually for the chairman's job for the region. I also said that I did not see that it was necessary for him to resign his local council position any more than I see the necessity of somebody who is elected to the warden's job resigning as a local representative, whatever it happens to be.

I still think that has some possibilities, but I have to tell you, it ran into some very stormy sessions everywhere I went.

Mr. Epp: Do you mean at the municipal level?

Hon. Mr. Bennett: Yes. I cannot go back to a vote; it is just general conversation. I did not find anything close to a unanimous or heavy-support position at the local level. Some municipalities agreed with it.

It is interesting that it is not any different from being around this Legislature. When you do certain things, some people come to you and say, "I think that is a great idea." I say, "Well, why don't you say so." They say, "Oh no, I am not going to go on record for that, but I think it is a hell of a good idea to doing this and I will be right behind you." What I need is everybody behind me.

Mr. Epp: Far behind you.

Hon. Mr. Bennett: With the tomatoes and the eggs, or the snowballs in the case of the member for Muskoka (Mr. F. S. Miller) when he was

Minister of Health, it is great to have everybody behind you. It is okay if you want to turn around and face them, because they can only hit you in the back.

Mr. Epp: In fairness, minister, I think you could find a considerable amount of support among the citizens for a change. I agree that it is not a bread-and-butter issue, but if you were to consult the public, as vague or as clear as that is, you would find that kind of support.

Hon. Mr. Bennett: I was interviewed several times and made this general observation from my point of view—I am not saying it from the government's point of view; I am saying it from my point of view and maybe, as minister, I could not be expressing personal points of view—and at least it was an idea of the direction we might want to be going in. Even with all those remarks made in Hamilton, Durham, York and various other places when I was out dealing with regional councils, everybody just seemed to say: "Well, the system is fine. It's working, isn't it?" All the complaints, we find, are coming from some regional councillors or even one of the regional chairmen. I say this without any fear of contradiction. Some of them will say, "Well, point us out." I am not going to point them out; they know who they are who do not like the system but are very concerned about getting up and saying anything in case they lose favour with their chairman if he is re-elected. Right?

Mr. Epp: Oh, yes. I agree with you on that.

Hon. Mr. Bennett: Mr. Chairman, can I have two minutes?

The Vice-Chairman: Certainly. We will be delighted to give you two minutes. Can you do what you have to do in two minutes?

Hon. Mr. Bennett: If I cannot, sir, I will call you.

The committee recessed at 9:26 p.m.

9:1 p.m.

The Vice-Chairman: Order. Can we carry on for the moment?

Mr. Braeugh: Mr. Chairman, because I usually leave these things until the end and they do not go on, I want to raise a couple of issues quickly and get the minister to respond to some of them. A number of people now, and there have been a number of editorials that I have read, have questioned the basis of people voting in the municipal elections. I know the minister speculated in a couple of press reports in the London Free Press about how he would like to take a crack at the concept that if you had, say, four or

five business locations in a community, some scheme might be worked out whereby you could vote once for each system and each location you owned, whether you had a business or maybe two or three branch stores and a home or something like that. He was talking about some system essentially based on the idea that a vote in a municipal election is a reflection that in some form you pay property tax on a particular site, whether it is for a business or a residence.

Yet at the other end of the scale we have that rather quaint notion still that members of the British Empire, even though the British Empire does not exist any more, are people who have a vote in a municipal election; and we all read with great interest the latest interpretation of who is a member of the British Empire.

I want to get the minister's response to propositions that have been made, like those two, that you either get one vote for each residence or each business location where you pay property tax or that whole notion of whether it is a citizenship vote, and there are some who propose that you should have to be a Canadian citizen to vote in any election.

I wonder whether the minister can give us his current position on all of that.

Hon. Mr. Bennett: As I said in my opening remarks, we will be reviewing the whole area related to municipal voting opportunities. We will be reviewing it in relation to some of the things that clerks and others see as being an essential improvement as a result of what has happened in the 1982 municipal elections and, indeed, as a result of some of the comments that have been made by people outside of the municipal clerks' jobs.

I recognize what the member for Kitchener (Mr. Breithaupt) has said in his private member's bill, and obviously in this day and age there will have to be some further observations made in relation to who is eligible to vote. I recognize the fact that the British Empire has not existed since 1931, but the Commonwealth has—just to correct your remarks.

Mr. Braeugh: I got you there. Right.

Hon. Mr. Bennett: Did you? Good.

Mr. Braeugh: I do not believe I said the Commonwealth has not existed.

Hon. Mr. Bennett: No. You said the British Empire has not. You did not say it was the Commonwealth, though.

Mr. Braeugh: I did not talk about the Commonwealth. I spoke about the British Empire.

Hon. Mr. Bennett: That is what this relates to, is it not?

Mr. Breaugh: You are relating it to it, and I accept that you can relate it to it.

Hon. Mr. Bennett: At the rate we are going, we will have a hell of a lot of relationships here tonight.

Mr. Breaugh: Let me pursue a little the particular problem that does occur. There are a lot of people who are property owners and, even though they may be tenants, who are paying property tax in one form or another but do not have a right to vote.

Hon. Mr. Bennett: I am sorry?

Mr. Breaugh: For example, a number of people may have status other than that of a Canadian citizen or that of a member country of the Commonwealth.

Hon. Mr. Bennett: Let us say, a US citizen.

Mr. Breaugh: Yes, sure.

Hon. Mr. Bennett: Just to keep it in very simple form.

Mr. Breaugh: Sure. There would be lots of people around who would own property or who would pay property taxes in some form; many of them do not have a right to vote in a municipal election.

I think I would lean towards the argument I have heard the minister make on a couple of occasions, that within reason, a municipal election is about those people who pay municipal property taxes.

I believe the end result of this will have to be some kind of a simplified system. What about something along the lines of either the proposal in the bill of the member for Kitchener (Mr. Breithaupt) or something that would say very simply that if you pay municipal property tax as a tenant or as a property owner, you get a vote in the municipal election.

Hon. Mr. Bennett: There is no doubt that I have expressed the view that people, regardless of their origin, if they are taxpayers in this province, if they own property, should have that right. I am referring now to municipal elections, and not to the provincial elections.

The one reason we extend the right to people is that they do pay something towards maintaining that community. Regardless of whether they are Canadian or American, they have a relationship to their alderman or controller or mayor or whoever. I think they should be extended the right to express their views at that time.

Indeed, I went one step further. I said that if I owned property in a location that was my home I should have the right to vote for the mayor and whatever other political offices I have the right to vote for, including school trustees. But if I had an office in the same community but in another ward—let us say we are on the ward system; if we are not on the ward system, my analysis is not applicable—then I should be allowed at least the right to vote for the alderman in that area, because he or she is looking after my responsibility at my place of business or occupation.

One of the problems you have, if I understand this correctly, is that some people, even if we were to extend them the right to vote—let us take American citizens, for example; they probably would not go out and cast a ballot anyway because it would jeopardize their American citizenship to some degree. At least that is the interpretation that has been given to me many times by American citizens living in Ontario.

Even with that in mind, I think the right for them to go out and vote should not be denied them, provided they have been here for at least a reasonable period of time to have some appreciation of what the system is all about. I am looking at their having resided in a community for about a period of a year or whatever is considered a reasonable period.

I do not think I would want to suggest that they should be eligible for political office, but that again is something else we could look at.

Mr. Breaugh: There are a couple of people who want to get in with supplementaries. I want to end my little bit on this by saying that I appreciate there are some parameters in there. I think that is appropriate. I am not putting a big objection to the idea of one vote for your residence and perhaps one if you own some other form of property like a business. But I am a little disturbed when I see a couple of press reports that suggest the minister says you could get more than that.

Hon. Mr. Bennett: More than what?

Mr. Breaugh: More than the two—one for residence and one for a—

Hon. Mr. Bennett: Me?

Mr. Breaugh: Yes.

Hon. Mr. Bennett: No; never.

Mr. Breaugh: I do not have it with me, but I think—

Hon. Mr. Bennett: I said if you had property in two different municipal jurisdictions, you

should be allowed the right to vote and to complete ballots in those two jurisdictions.

Mr. Breaugh: I see.

Hon. Mr. Bennett: But—and I want to emphasize this again—if you had two points of ownership in the same municipality but in two different wards, you should be allowed the full slate in one ward or one area of polling but only the alderman in the second one.

Mr. Breaugh: You are putting some qualifications on it.

9:40 p.m.

Mr. Wildman: I have a supplementary along the lines of the question I was asking the other night in terms of unorganized areas of northern Ontario.

Following up on what the minister has just said, why does the ministry require, for the formation of a local roads board, a quasi-municipal organization—

Hon. Mr. Bennett: Very quasi.

Mr. Wildman: Exactly. I agree. It requires here to be at least 10 residents who are Canadian citizens—they cannot be American citizens; they must be Canadian citizens—to form a local roads board. Why?

Hon. Mr. Bennett: Hold on. We are now talking about what we would like to see as opposed to what we have at present. The system at the moment is, even at municipal elections in an organized municipality—there are times you might think Toronto is an unorganized municipality, but it really does qualify under the other category—if you are an American citizen, you are not eligible to vote. The same thing is applicable to the local roads board. If we were to move to give a broader opportunity to participate in municipal elections, I am sure the same adjustment would be made to accommodate whatever your problems happen to be in a local roads board situation.

I want to make it very clear that this is an opinion I am expressing. I am not saying we are going to be able to follow through on it. I am sure there will be some people at the municipal level who might express a difference of opinion with the minister. That is not uncommon, as Mr. Breaugh will tell you.

Mr. McLean: As a supplementary, why do you allow people who live for one week of the year in time-sharing units to have a vote in a

municipality? They were likely not there when the census was taken, but—

Hon. Mr. Bennett: Are they property owners?

Mr. McLean: Yes. They all have a vote.

Mr. Wildman: Is there one vote per property or one vote per person?

Hon. Mr. Bennett: Per property owner, if it is joint. Time-sharers at the moment are shown as property owners.

Mr. Wildman: Even if they live there only one week a year?

Hon. Mr. Bennett: The fact is they share in the ownership of a given unit. If the unit is broken down into, let us say, 52 weeks—I do not know, that seems extreme—let us say 50 weeks, and two weeks for maintenance and so on, which is pretty good, the users are all shown as common owners to that unit.

This past election was the first time we really ran into this. We are now looking to see what can happen. You will remember the gun club up in Gwillimbury. We got ourselves into a nice legal entanglement up there. As I said the other night, as long as there are two lawyers in the land, one will try to outfox the other.

Mr. Wildman: Did you say lawyers or liars?

Hon. Mr. Bennett: They sometimes remind me of chickens. They cluck to find them.

Mr. McLean: I think you will find, if this is not changed, in time to come it will create a big problem.

Hon. Mr. Bennett: I think we will do some investigation into how other jurisdictions handle the situation.

Mr. McLean: Not only does it change the voting pattern in that municipality, it also changes the population figures for an extra representative on county council, if it is in that category. I know that in Simcoe county this year one municipality qualified for a deputy reeve because of the 1,500 property owners who did not really live there.

Mr. Breaugh: Quite a controversy emerged in this last municipal election in a number of rural areas where, for the first time, we saw the phenomenon of people who owned cottages getting organized, taking busloads of folks from Metropolitan Toronto up to cottage country. There were several arguments about the dates of the advance polls.

There were arguments, of course, traditionally made by cottage owners, that they were being exploited by rural municipalities that used them as a property tax base and yet did not provide

them with a lot of services. They were, in effect, being charged for things like road services, garbage collection, education and a lot of services that were not being provided.

It seemed to come to a head in this last series where, for the first time I can remember, the cottage owners formed themselves into associations and organized mass rallies around voting in advance polls. Are you considering any kind of change there, because, like the problem that Mr. McLean pointed out, there can be quite a difference between a community in summer, when the cottages are full and there are lots of people there, and in the late fall, when the municipal elections are held? Are you contemplating a reaction for some of the rural parts of Ontario that are not terribly happy that this constituency arrives for the advance poll has an impact and then leaves?

Hon. Mr. Bennett: No. Two years ago we had the Archipelago situation and 20 or 25 years ago we had the Wasaga Beach situation. It is just one thing after another and I am not sure you would want to exclude those people from the right to vote, because they pay full taxes.

Indeed, if you listen to them, and I have listened to a few of them, they would say to me: "If anybody is being screwed in the system, we are. We are being taken full advantage of, but we are only here X number of weeks of the year and we pay full taxes. What do we get for it? We do not get garbage collection, because we have to take our own garbage off the island or off our property and bring it back down to the city so the city of Toronto picks it up for us."

It is a penalty to the city of Toronto in a sense because it is a garbage situation that was not created within this community.

They move on and they say: "We have no fire protection. We do not use the school system and they know very well we are not going to use the school, but we pay full taxation."

I think they are entitled to the right to vote, and if you were to ask me the next question I think you are likely leading to, which is do I think it is right of them to run for council, my attitude would be from the point of view of experience that it will not be beneficial because a lot of them will never be able to attend the meetings of council. When they should be there to make the decisions, they will very quickly become discouraged, disappointed, exasperated, whatever is the right terminology in trying to make council meetings in a community during the winter months when there are not favourable driving conditions.

Mr. Epp: I just want one short supplementary. You would not seriously look at the possibility of having a two-class system where a person might be able to vote and not be able to run.

Hon. Mr. Bennett: I did not say that. I only expressed the view—

Mr. Epp: I am not saying you suggested it, but you skirted over that earlier and I thought you might leave the impression that you were seriously looking at that, and I was hoping that you were not.

Hon. Mr. Bennett: If I skirted over it, I did not mean to skirt over it. I did not even mean to go to the point of even inferring that they should not have the right to run. They obviously do have the right to run. I am suggesting that the experience has indicated to us that while the enthusiasm leading up to an election is great and the motivation by the individual and all of his cottage owner friends is great, we have found that on certain occasions, when elected, they had difficulty in making the meetings.

Indeed, it was before my time as minister, but I understand one municipality outside of Toronto had elected the majority of the members of the council from people who were really residents of this community, Toronto. That council, in far-off jurisdiction, wanted the authority of the minister to transfer their council meetings from that jurisdiction to this jurisdiction and let the clerk travel here with all the records and files.

Mr. Wildman: Cockburn Island has its meetings in Massey—

Hon. Mr. Bennett: That is only because it is tough getting across the ice in the middle of winter.

Mr. Epp: You will recall when we were talking about the Archipelago, there was thought that might happen, that some of the people were suggesting that.

Hon. Mr. Bennett: I do not want to argue this but as long as I am the minister my theme will be that they will hold the municipal council meetings, as much as is reasonably possible, within the jurisdiction to which they were elected regardless of where they happen to live. Let them have the inconvenience of travelling back and forth so that they experience the difficulties and maybe they will become more realistic as to whether they really want to be serving office in that community. If that gets into tomorrow's press, it will sound great, won't it?

Mr. McLean: A further question that I had was with regard to army bases and the personnel

who come in to do a course, and spend a weekend or two weekends on the army base. When the election is on, the candidates go and get these people from the base, swear them in as residents and can help get a person elected or not.

50 p.m.

Hon. Mr. Bennett: Are you speaking from experience?

Mr. McLean: Yes.

Hon. Mr. Bennett: I thought so.

Mr. Breaugh: I am shocked.

Interjections.

Mr. McLean: I was just looking for an observation on stopping that type of thing from happening when the majority of the people in the municipality can elect a candidate and yet the army personnel can come in on weekends, be sworn in and it can end up the candidate loses.

Hon. Mr. Bennett: I am not sure how one responds to that. It is like anything else. As one continues to chase oneself around, one eventually finds one winds up right back at the point from which one started after a number of amendments, changes and so on.

I know the one you speak of because it was brought to my attention not so many weeks ago. I suppose it is somewhat like, and I say this in a very serious tone, the lady who got elected as the chief magistrate in the Muskoka area. She found out the night of the election there was not the poll in the municipality that supported her, that the advance poll elected her.

I am not trying to prejudge anybody's views, but I am sure it must not be the most comforting thought in the world to be the chief magistrate with the understanding that those who reside there on a 12-month basis really were not that—

Mr. Breaugh: It would be something like giving the majority government with 25 per cent of the possible votes.

Hon. Mr. Bennett: No, it would be like a majority government with 22 people trying to run the affairs.

Mr. McLean: I guess I should get out of Ms. Hyden's seat. I am asking too many questions.

Hon. Mr. Bennett: They are very intelligent people.

Mr. Breaugh: There are a couple of other points I wanted to get into.

Interjections.

Hon. Mr. Bennett: No, I let you draw the conclusion. Michael, stop laughing and let's get on with the business.

Mr. Breaugh: There are a number of issues where there have been tax breaks involved, one of which is the urea formaldehyde foam insulation problem, which I must admit is probably the classic in Canadian history of how governments can really mess things up.

Hon. Mr. Bennett: Government.

Mr. Breaugh: Governments.

Hon. Mr. Bennett: Government.

Mr. Breaugh: Two of them.

Hon. Mr. Bennett: No.

Mr. Breaugh: The latest problem is that the Minister of Revenue has made a decision that there will be a 35 per cent reduction in assessment.

Mr. Wildman: Despite what the court says.

Mr. Breaugh: Yes. First, he was an advocate that this should go through the appeal courts and subsequently he decided it should be a 35 per cent reduction. There are a number of angles to this.

First and foremost, what is fair to the people who took advantage of the federal program and put this insulation in their homes? Having dealt with that in whatever form, one sooner or later gets to the point where there are now municipalities which will have reduced assessment because of the federal program.

Is there anything under way to provide some assistance to the municipalities that are having a reduction in assessment now because of a federal program? Is there anything you are aware of where they might make a move in that regard? Nothing. So it again comes down to a point where it will probably be municipal governments that will bear some of the pain, along with the home owners, for this reduced assessment.

Hon. Mr. Bennett: The question you asked is one which was asked of me this morning by AMO.

Mr. Breaugh: Yes.

Hon. Mr. Bennett: It was whether there was any opportunity for somebody—I put that in a very general phrase because they did not refer to the provincial government; they thought maybe the federal government or somebody else—to compensate them for loss in assessment as a result of this situation. I said it surely was not going to be a recommendation from this minister to the Treasury of Ontario that we

should try to absorb whatever loss in assessment occurred from the UFFI problem.

I said to them: "It is interesting that assessment is based on market value or potential market value of a particular residence. If a residence happened to go down in value as a result of some other accident, whether it be fire, a redesign or the demolition of a portion of the building, I surely hope municipalities would not expect us to come barging in and say, 'We will compensate you for that loss.' That has never been the situation."

I said: "If market values of real estate happen to take a downturn in the next period of time"—and that is a distinct possibility—"I trust you will not come and say to this government, 'Somebody better make up the difference between what the market value was and what the market value is today.' That is not realistic. Indeed, if a building is destroyed by fire and disappears completely, it is off the assessment rolls. I hope somebody is not going to come and ask me, 'As the minister of municipal affairs, are you now prepared to give us an extra grant in lieu of that lost assessment?'"

The problem we are experiencing, and I understand it fairly well and recognize it, was not created by this government and it was not created by the municipal government. But regardless of who created it, it has had a detrimental effect on the actual market value of the units under discussion. The federal government has gone to some degree to try to resolve the problem through certain grants to try to give some financial comfort to people to remove it from the structures.

I did say to the municipalities that one of the things my colleague the Minister of Revenue will have to take into account is that if a unit is reduced in assessment value as a result of the insulation problem, in some way, shape or form that computer operation should be notified that this unit has been reduced, that the individual should be given a reasonable period of time to remove the difficulty from the real estate—because if it is that serious a problem, I would trust he is going to do it as quickly as possible—and that a review should be made on an annual basis as to whether the insulation that is causing the health problem is removed. If it is, then one should have to assess the property as to whether it has regained the original market value.

I would think after three years that if you or I owned the property and we had not taken any corrective action to remove it, then it cannot be that great a health hazard, particularly with the

type of financial assistance being afforded by the federal government under the grant program. I would have to think—and I am certain—not extolling government policy; I am just suggesting from a common-sense point of view—that one should look at whether that real estate should not then go back to its original assessed position or at least to an assessed position discounting whatever we might have thought the urea formaldehyde foam insulation problem was causing.

I said I would speak to the Treasurer, and we will. We will ask the Treasurer to ascertain his discussions with Mr. Lalonde at the federal level whether they are prepared, since it was their problem, since it was encouraged by them, since it was initiated in a sense of the word by approval of the type of insulation, whether they would like to give some serious—and I mean serious—thought to some comforting of the municipal position for a period of two or three years. After that period I would have to suggest that somebody's interest does not deserve any further attention by you and me as a general taxpayer—Canadian, provincial or municipal.

Mr. Wildman: The federal House of Commons standing committee voted last night against it.

Hon. Mr. Bennett: Unanimously, right?

Mr. Breagh: I was looking at this as one of several problems that have to do with variation in assessment. The UFFI decision would be one.

Another is the increasing number of municipalities that are faced in an economic downturn with a business, for example, going into bankruptcy or receivership or a plant going out of production, so there can be quite a substantial shift in a local community.

For example, in Oshawa it is no secret; it is printed in the front of the budget book. Every year where there is some disruption in the production at General Motors, whether it is strikes, layoffs, a drop in car sales or whatever, it translates into a rather dramatic effect on the city's ability to collect property taxes.

So you just cannot be foolish about it. You must take that into account. We now have a number of factors that are going to affect assessment in communities around Ontario, and I am still at a bit of a loss to—

Hon. Mr. Bennett: Are you referring to assessment or collection of taxes?

Mr. Breagh: No. I want to deal, if I can, with two or three categories here: one, in assessment, that there will be some drop in assessment

for many communities, and I do not see any kind of balancing force moving in there.

We did talk previously about some attempt on the part of the government of Ontario to reflect real problems in certain local economies. I still have not heard a definitive answer here. I have heard an acknowledgement on your part and on the Treasurer's part that you understand that in Sudbury, Oshawa and Windsor things are rather desperate and that some adjustment will be made, but I have not heard much more than that, quite frankly.

Are you prepared to take a look at these types of problems as well? Or are you content that you will make some kind of effort to move towards those areas of Ontario that have really got a severely depressed local economy and maybe address the problems in the form of additional grants, special one-year grants or something of that nature.

1 p.m.

I am trying to get some idea of how a municipality will deal with either a change in the assessment base lowered because of a problem like UFFI, or a change in the assessment base lowered because businesses have gone into bankruptcy or receivership or have stopped production or have closed their factory doors or whatever, or whether you are content to say that the best you can do is to look at a local economy and attempt to reflect that there are more serious problems, say, in Windsor than there are in some other community, perhaps Ottawa at the other end of the scale.

Hon. Mr. Bennett: We come back to the very bad question of what is market value. That is really what we are talking about.

Mr. Breaugh: No. I don't want to take you down that; I am prepared to do that if you want, but I have only a couple of minutes.

I want to see if I can get some kind of assessment of how you intend to try to deal with the problem of assessment being lower than it is for a variety of reasons, whether it is an inability to pay kind of thing rather than the value of the residence or the factory. Have you got your wheels in motion to try to deal with those things?

Hon. Mr. Bennett: First of all, let me go back. What you are talking about is an assessment. An assessment is based on market value to some degree—not in all communities.

Mr. Breaugh: All right.

Hon. Mr. Bennett: That is determined by the economics of that community. Obviously if you

have a high unemployment rate, real estate is going to be depressed in that community. How far, who knows? Only time will tell. Indeed, that loss of assessment is picked up in our grant formula under the resource equalization grant. About half of the loss is picked up in the resource equalization grant formula that we have in this province.

Going to the next question, which is the nonpayment of municipal taxes, we appreciate that some communities might be experiencing problems but, interestingly enough, at this point today we have not had any special applications made to us.

We do know that some of them are experiencing a larger nonpayment position than they have in past years, but at the moment they have not proceeded to look for any special consideration by the province. They realize they can apply, because the Legislature allowed them through the amendments in the act, a higher interest rate against the nonpayment of taxes.

For the average home owner that is not very comforting. The average business or industrial operation that wants to use tax money for expansion development, and some of them have over the past years, should pay the higher interest rate that the municipality is encountering in borrowing funds for continuing operation.

If we get to the point where we are running into some difficulty, a municipality where there is a very severe situation has the right to make application to us to consider them under some of the special formulas we have within the ministry. But at the moment I have to say in fairness to our municipalities that we have not had any of them running to us to try to take over some of the responsibilities they have and have not been able to fulfil because of—

Mr. Breaugh: You see, one of the frustrations I had in trying, for example, to gather statistics on this is that it appears to be almost a hidden problem. Many people are aware that the difficulty is there, but the reporting devices tend to come some time after the actual problem exists. I have some concern that a number of municipalities are going to have a rather substantial financial problem that they really will not know about for probably six months and maybe even a year.

It was difficult to gather these projections, because the reporting devices are a little on the imperfect side. Right now you are probably dealing with projections rather than realities, so we do not know.

Hon. Mr. Bennett: With smaller municipalities you are right. Bigger municipalities with their sophisticated computerization and so on can give us a great number of printouts in a relatively short period of time. They do know where they are going. I will admit that the smaller communities where you have got a lot of hand-posted—

Mr. Breaugh: If I could just interject for a minute, even in the larger municipalities. For example, when most people these days purchase a new home, their property taxes will be collected and paid in advance by a mortgage company. So it may be some period of time before the mortgage company says: "Listen, this guy is not paying on the mortgage. We understand that and we are prepared to hold the bag until he goes back to work or there is some economic recovery in the family unit." But at some point the mortgage company is going to say, "We don't want to pay your property taxes any more."

Hon. Mr. Bennett: They have a choice to make at that point: Are they the property owner, or is the individual the property owner?

Mr. Breaugh: That is right. Because you get into that funny field where mortgage companies and lending institutions gather up money a year ahead of time to pay municipal property taxes; they project how much they are going to pay for the next year, get the money in advance and then pay the property tax, usually quarterly, I believe. So there is some problem there.

Hon. Mr. Bennett: The mortgage companies put themselves in the vulnerable position that if they do not keep the municipal taxes up to date, the municipality will supersede their mortgage position.

Mr. Wildman: And they register the property.

Hon. Mr. Bennett: Yes. After three years the municipality can move in and foreclose for tax arrears; then the mortgage company has the opportunity to buy back the property for the tax arrears plus 10 per cent or something like that.

Mr. Breaugh: There is one other area around property tax that I want to get into. I also had a little difficulty in trying to gather up a whole lot of information on this, but there are a variety of programs where—I am not sure what the correct word is—the province is, for example, now making an offer to pay farm property tax. The province is very active in tax rebates for seniors; it does a number of things of that nature.

Many municipalities, the city of Toronto being one that is substantially hit by it, have a

number of properties upon which no property tax is charged because they are educational institutions, are owned by churches or whatever. In a number of places in Ontario there are local institutions that get, in my terminology grants in lieu of taxes. The municipality would give—let me pick one out of Oshawa—

Hon. Mr. Bennett: One of the union halls?

Mr. Breaugh: No. The union hall pays property taxes. The example I will use is Parkwood the former residence of R. S. McLaughlin which for years and years gave them grants in lieu of taxes.

Hon. Mr. Bennett: McLaughlin built the community and paid all the taxes for years. Now they are giving them a little relief.

The Vice-Chairman: Can I interrupt you a minute, Mr. Breaugh? I understand the vote is at 10:15 p.m.

Mr. Breaugh: Let me just wind up very quickly on this, and then we will carry the votes.

Has the ministry done an assessment on all of these programs rolled in together? I ask because we continue to have some level of government offering some other individual or institution money to pay their property tax, and I am really wondering whether we have ever sat down and thought whether this is a rational thing to do. We have a local property tax base at work there, and we have the province giving somebody, in effect, their property tax money in some way.

We have had a couple of royal commissions which have looked at this at great length. I guess it always kind of falters whenever anybody mentions churches and things like that having to pay taxes. The royal commissions seemed to be quite handy at talking about that, but governments seem to be slightly reluctant to implement those things.

Has the ministry ever done an assessment of the real cost of all those give-back or payback programs?

Hon. Mr. Bennett: Yes. The Blair commission tried to do an assessment and analysis of that whole problem. But if we had ever accepted the Blair commission's report there would not have been a member in the House, whether he be NDP, Liberal or Tory, who would have survived the onslaught of the churches, private clubs and various other organizations.

Even in this day and age, we are trying to bring some rationalization as to what property should or should not be given the status of exempt property. The member knows the number of bills we have here on a constant basis to

ve this or that organization—I will not go into all of them—an exempt position or where a municipality by a motion of council decides to give a grant in lieu of tax.

I do not disagree with the member. I think it is time we sat down as individuals, putting aside our preferences for our churches—and I am not referring to church properties—and, whether it be the YMCA, the Red Cross, the Salvation Army, one of the ethnic community halls or whoever it happens to be, really figured out whether there is an incumbent responsibility upon the taxpayers of a community to share in exempting that property from taxation or to give a grant in lieu of taxes on that property.

9:10 p.m.

I am told that I should also exclude the Royal Canadian Legion because that might also cause some problems. That is from Ward Cornell. The record will show it was Ward Cornell who bought the Legion in and not I.

Mr. Breaugh: I guess most of these are based on the premise that the particular group or individual does not have an ability to pay. But I have a little difficulty sorting out the Ministry of Agriculture and Food offering to pay property tax for farmers. I do not begrudge it to them for the moment; but why wouldn't the Ministry of Industry and Trade then give a grant to every business in Ontario so they can pay their property tax?

Why wouldn't the minister of housing then give everybody who has a house a grant to pay their property taxes? What is sauce for one might be sauce for another. Or is one minister just more generous and the rest of you are kind of pikers?

Hon. Mr. Bennett: You know the farm community has always been more generous in the provision of food and so on for the province. I could suggest to Mr. Breaugh that when the NDP elects a farm representative, he could likely describe to you in very clear enunciated terms as to why you take this type of action.

Mr. Breaugh: I have a farmer in my riding.

Hon. Mr. Bennett: Besides you?

Mr. Breaugh: Parts of Windfields Farms are in my riding.

Hon. Mr. Bennett: That is what you call a hard-pressed farmer.

Mr. Wildman: I have 500 farmers in my riding.

Hon. Mr. Bennett: How many?

Mr. Wildman: Five hundred.

Mr. Epp: They are all down in Florida.

Mr. Wildman: No, they are not. They are poor.

Hon. Mr. Bennett: I did not say that. The record will show that I did not say that.

The Vice-Chairman: Can we consider the question?

Mr. Wildman: Just a minute. I have a question.

The Vice-Chairman: Very quickly.

Mr. Wildman: Can you please explain why you have discontinued the ingoing wide area telephone service line to your Sudbury office for the municipalities in my area? What is it with you guys?

Hon. Mr. Bennett: That is a very good question. Mr. Tulloch, come forward so the mike can catch you for posterity.

Mr. Tulloch: Mr. Chairman, it was taken out as an economy measure two years ago. We will try to put it back in.

Mr. Wildman: The Algoma District Municipal Association specifically asked me to ask you that question.

Hon. Mr. Bennett: The usage factor was so low that we did not think it was essential to keep it. We thought the long distance charges were much more beneficial for the general welfare of the taxpayers of Ontario.

Mr. Wildman: They think you should go back to the Inwats line, and I would encourage you to do so because I am all for Bell Canada making—

Hon. Mr. Bennett: Can we bill it against your expense account?

Vote 2407 agreed to.

The Vice-Chairman: This concludes the estimates of the Ministry of Municipal Affairs and Housing.

Hon. Mr. Bennett: Mr. Chairman, just before you conclude, some may not think they enjoy estimates coming before a committee. I have to tell you I think it is rather a great opportunity for everybody to express their views, at times as foolish as they might be or as serious as they might be.

I do thank Mr. Epp, Mr. Breaugh and my own party members— Ms. Fish; Eddie Havrot, the silver expert; Mr. Villeneuve; John Williams, who I am rather pleased did not get on to the topics he told me was going to raise because they might have become an embarrassment, not

only for me but for the government; and Mr. McLean.

Interjection.

Hon. Mr. Bennett: Usually that happens in the opposition parties because they get brown

envelopes. Thank you very much.

The Vice-Chairman: Mr. Minister, thank you and your deputy and your staff for your patience and participation.

The committee adjourned at 10:15 p.m.

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Ontario. *LEGISLATIVE ASSEMBLY*

No. R-40

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Municipal Affairs and Housing



Second Session, Thirty-Second Parliament
Tuesday, December 14, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, December 14, 1982

The committee met at 8:05 p.m. in room 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD

(continued)

On vote 1902, agricultural marketing and industry development program:

The Vice-Chairman: I call the meeting to order.

We are here to continue the estimates of the Ministry of Agriculture and Food. I am told that we are currently considering vote 1902. Mr. Riddell, you have the floor.

Mr. Riddell: I shall not spend a lot of time because I know that my colleagues, and probably also the critic for the New Democratic Party, will want to jump in on various matters in connection with this vote.

During debate I was talking about foreign ownership of our farm land and was quoting from an article which appeared in the *Globe and Mail*. I might say an awful lot of journalists are interested in this matter, some of whom are doing their own research. Kevin Cox is one who comes to mind. He has been doing a fair bit of research into foreign ownership of land. More or less in comparing notes, we find that in certain areas in Ontario the concentration of foreign-owned land is much greater than in other parts of the province. Therefore, it is unfair to use a percentage, which I am sure you will use whenever you table your report. I will talk more about that later.

You criticized me for using percentages when I was talking about the percentage of the total provincial budget devoted to agriculture as being only one per cent. If you criticize me for using percentages, I am going to have to criticize you for using them if you are going to talk about the percentage of agricultural land that has passed into the hands of nonresident foreign owners. I think we have to talk about the concentration of that type of foreign ownership in the various parts of Ontario where we happen to have our best agricultural land.

Continuing on with this article in *The Globe and Mail* of December 9, the writer went on to say that prospective young farmers say it is

difficult to buy land because the Germans and Austrians consistently pay \$100 to \$500 more per acre than Canadians can afford. I think he is low on those figures. At one time I know that they were paying as much as \$1,000 an acre more for land than our farmers felt it was worth and that they could possibly afford to pay in order to make that land show a profit.

If you recall, Helmut Sieber has more or less taken over from Tikal and Associates, a law firm here in Toronto that is acting on behalf of the foreign buyers. This firm has purchased 4,000 acres in two townships, Huron and Bruce. But what amazed me is that it has also purchased 23,000 acres in Manitoba. It is a big land buyer. As I say, for some reason, whether it was because he wanted to get off the hot seat and turn it over to someone else, Helmut Sieber is now acting on behalf of the foreign interest. I do not know what kind of a working relationship Tikal and Sieber have.

8:10 p.m.

In the interview, Mr. Sieber, 29, would only say that his partners are associates in Austria where he came from two years ago. He said he did not pay the 20 per cent land transfer tax levied on foreign buyers or register the farms as foreign owned because he was a landed immigrant.

Here we have a landed immigrant, someone who came over two years ago, who is buying up a tremendous amount of our land. He is obviously acting on behalf of the foreigners who, for some reason or other, are interested in investing their money in our land.

To quote directly: "Liberal research showed firms with which Mr. Sieber was associated have purchased 3,585 acres in Huron and Bruce counties. The Liberals say the group avoided paying more than \$800,000 in land transfer taxes by having the original owner set up a numbered company to own his farm and then sell the company to the group."

I have explained how they have been able to buy this land and evade paying the land transfer tax. I am sure the minister is well aware of the procedure that is followed as well.

"Mr. Sieber, who said he owns at least 60 per cent of each of the firms set up, said he does not

understand why he is being attacked by the Liberals for buying the land.

"They say in the newspapers that we do speculation," Mr. Sieber said. 'I am a full-time farmer. My family farmed in Austria since 1432,' he said. 'I don't know how they can say I speculate when I drained all that land in Bruce county at \$500 an acres. We cannot sell it for that now.'

"Mr. Sieber, who also manages farms for European investors in western Canada, said he decided to emigrate two years ago when he had an opportunity to sell the family farms of 250 acres near the cities of Graz and Vienna in Austria.

"Here, when you have high interest rates you want to sell land, but when the money is not worth anything in Austria, we want to buy land, so we bought it here.'

"He said he could have bought as much as 10,000 acres in Bruce county last year because farmers were desperate to sell."

That is where I find the whole scenario somewhat sad, the fact that our farmers are not able to get adequate assistance from the government to stay in business, and their only alternative, if they want to get out, is to sell to foreign investors.

Therefore, I am pleased that the minister has seen fit to impress upon his colleague the Minister of Revenue (Mr. Ashe) that the loophole in the Land Transfer Tax Act must be closed. I have no idea whether this will deter foreign investors, but at least we might get a better handle on the amount of land that is foreign owned and how extensive it is. When the committee was set up in 1973 to look into this matter, it found that one per cent of Ontario's land had passed into foreign ownership and recommended legislation to restrict the amount of land that is sold to nonresident, foreign owners.

They were concerned about one per cent at that time; yet we know through research that it amounts to as much as four and five per cent in some townships. I did say, Mr. Minister, that I would send you a copy of the map. Your ministry officials have phoned to ask for a copy. My researcher was in the process of updating it because he has been going around and checking at the registry offices and doing a lot of work on this, and I am sure he is going to end up with far more land that has been sold to foreign interests than your report is going to indicate.

As it stands now, it would appear that between 30 and 40 per cent of the farm land in Morris

township, Huron county, has been sold to foreign investors. If this is allowed to continue then the one prime resource which we have left in this country, agricultural land, is no longer going to be in Ontario or Canadian control.

The question I want to put to you, Mr. Minister, now that your ministry has completed its study on the extent and location of foreign farm land ownership in Ontario, is, will you table your report, hopefully before this session ends and hopefully before we complete your estimates? Will you be able to tell us how many acres in Morris township, Ashfield township and Bruce township are foreign owned? We have been doing a lot of work in these townships. In Morris township, as I indicated to you, a lot of the land has been sold to foreign interests. Ashfield township is another example and so is Bruce.

Will you admit that the extent of nonresident ownership in these townships is higher than the one-to-two per cent figure that you have stated is the case for the province? Again, is it fair to even use percentages when we know there are concentrations in those parts of Ontario where we happen to have the best agricultural land? Can you tell us what that percentage is in these cases? In other words, I would rather have a breakdown by township than a breakdown by county.

All the interim report you released—or maybe it was your predecessor, I forget—gave us was a breakdown by county and then a percentage of the farm land in Ontario that had been sold to foreign interests. I think that is meaningless. I would like to know what the breakdown is per township; in other words, how much land in our townships has actually been sold to nonresident foreign owners.

Can you tell us who the true owners are of the lands being assembled by Wolfe von Teichman and Associates, which again is the Tikal company, and now apparently has been taken over by this Helmut Sieber?

Will the minister allow us to see his ministry's foreign ownership bank file, which identifies individuals who are nonresidents and have an interest in agricultural land in this province?

I was somewhat disappointed when my researcher asked to have a look at your files and the ministry refused to show the files to him. The only way we were able to cross-check our figures with yours was to phone over to your ministry and say, "Do you have lot so and so, concession so and so, such and such a township, registered?" They would say either yes or no.

That was the only information we were able to get from your ministry.

I would like to know why this information is secret. If we are selling our agricultural land to a foreign country, we have every right to know what country is taking control of our land and we would like to know where this money is coming from. We would like to know if one buyer is responsible for the purchase of the bulk of this land that is being sold to foreign owners.

It seems to me that when we questioned your predecessor, he indicated that he would be making an annual report, a very detailed report, of the land that was sold to foreign owners. By "detailed," I would imagine he would tell us who is buying this land, where the money is coming from and all the information we would like to have on this land. So I am asking you if you would let us see your foreign ownership bank file.

The next question I would like to ask is, will you be levying any fines, as established in the registration legislation, on those individuals who have not registered their land as foreign owned? This was part of the act. If you find out that this land has not been registered and yet has been sold to nonresident foreign buyers, are you prepared to levy a fine?

According to your figures, can you tell us how much money has been lost by this province because of a loophole in the land transfer tax? The reason I would like to know the answer to this question is I feel, and it comes from pretty good authority—and I will tell you it came from a Ministry of Revenue official whom I will not identify—that the government has lost millions through the avoidance of the land transfer tax.

20 p.m.

I would have to think that if we had collected those millions of dollars, we could have turned the money back into the agricultural industry. We probably could have helped those farmers who now have to sell to a foreign owner because their backs are right up against the wall. Collecting this money and turning it back into agriculture might have saved us some of the problems we are presently encountering in the farming industry.

The last thing I want to mention—then I am going to be quiet—is the illegal wholesaling and afficking of fluid milk products in Ontario outside the regulations of the Ontario Milk Act. I want you to listen to this, Mr. Minister, because I am going to end up making a very strong statement. It may make you want to take some action. The trafficking of fluid milk prod-

ucts in this province was brought to the attention of the Milk Commission of Ontario a number of years ago. Responding to a letter written by the Licensed Independent Dairy Distributors of Ontario—I will refer to it as LIDDO from now on—the milk commission stated that only the processors or nonprocessor distributors could legally wholesale fluid products.

In essence, the nonprocessor distributor was included in the regulation covering the sale and distribution of sterile fluid milk products. Legislation was put in place to license agents, but unfortunately, the legislation has not been upheld by the milk commission in accordance with the Milk Act.

The milk industry branch has been slack in policing the act and has been reluctant to prosecute people who knowingly are breaking the law. There are firms supplying fluid milk products to people who have no licence and those people are wholesaling that product. Some people are trafficking in fluid milk products to larger house accounts. They do not have a licence to buy and sell that product via the Milk Act, nor do they have a public commercial vehicle licence from the province to traffic or haul that product.

It is my opinion that people who sell fluid milk products to the ultimate consumer are deemed to have a shopkeeper licence and do not require a processor or nonprocessor licence from the milk commission. Each nonprocessor has to make assurances to the milk commission, the health board and the Department of Agriculture to enable him or her to have and keep a licence to distribute fluid milk products.

The Milk Commission of Ontario has failed to carry out its mandate by permitting whole milk to be distributed and sold in contravention of the Milk Act. It is negligent on the part of the commission, after having met with legitimate and licensed processing and nonprocessing distributors, to ignore their joint and compatible amendments to the present legislation. Having failed to enact new regulations, it behooves the director of the commission to enforce regulations as they now exist.

Let me draw regulation 629 to your attention, section 104, which states, "No person shall supply for resale fluid milk products to, or pasteurized milk for, any other person who,

"(a) is not the holder of a licence under this regulation; or

"(b) is not exempt from the act or this regulation."

Had this flagrant violation of the Milk Act

occurred in the areas of a PCV licence or a breach of the Liquor Control Act, there is little doubt the reaction would be vastly different. Surely the laws governing the distribution of milk must be subject to the same rigid enforcement that alcoholic beverages are.

Let me briefly outline the situation as it now exists. A licence holder, whether a processor or nonprocessor of milk products, is restricted to a zone or zones he is licensed for, thus giving the Ministry of Agriculture and Food control over inspection of property, vehicles and personnel. Agents not having a licence are not restricted to zones; consequently, no inspection by the ministry exists. Also, agents are not property owners and they have no inspection by their local board of health. Since the agents are not property owners, they pay no land taxes nor business tax.

Agents are attracted to the large processor for the obvious reason that they can do the job cheaper. If the existing licensed distributors did not have to pay taxes and did not have to maintain depots, vehicles and proper personnel, they could compete with the large processors and the agents operating illegally on their behalf. Since the licensed distributors cannot compete with nonlicensed agents, surely it is the responsibility of the minister to see that the Milk Act of Ontario is enforced.

Let me summarize by saying that the Milk Commission of Ontario has regulated the distribution of sterile milk products to a chain warehouse. At present, there appears to be nothing to prevent any licence holder from appointing a chain's trucking firm as an agent, under their licence. This would enable the licensed distributor to distribute province-wide to the corporate chain customer.

Is this the intention of the Milk Commission of Ontario? If it is not, then I would suggest this loophole be closed before it is too late. A continuation of this practice would amount to a form of indirect warehousing, which I believe the milk commission prohibits.

The second concern of mine is the fact that agents or dealers are engaged in the distribution of fluid dairy products throughout Ontario. As you are aware, this practice has been going on far too long in the province. It is my feeling that the Milk Commission of Ontario must feel the same as all licensed nonprocessor distributors in this matter.

Many individuals presently holding a nonprocessor distributor licence have grown into this business from a dairy family dating

back 50 or 60 years. One of those families happens to reside in my riding. It has been in the dairy business for years. One of the sons stayed home to carry on the dairy operation and another son set up one of these dairy outlets in a town in my riding. He is a licensed distributor yet he has to compete with agents who are operating illegally.

They have put their entire life and profits into the dairy business. Others have invested substantial amounts of capital to obtain an existing licence. Now we see agents being appointed by licence holders. We even know of agents of an agent. This is not fair to all holders of legitimate nonprocessor distributor licences and should be stopped immediately.

I am well aware that some nonprocessor distributors have appointed agents in the past as have processor distributors. However, I feel the situation is now so critical that proper legislation is an absolute necessity. Three points should be brought to your attention that would support my feeling in the matter.

First, nonprocessor distributors have lost all rights to bargain with their processors. As soon as a discussion on transportation, delivery schedules or purchasing prices is suggested, the nonprocessor distributor is told in many cases, "If you don't like our arrangements, then we will appoint somebody else to do the job." We all know that most of the large processors hold a licence in every zone and therefore, at this time, they simply cannot appoint Joe at the corner gas station to distribute his products for him under his licence.

Second, nonprocessor distributors no longer have the power to sell their business. After all, why should anyone buy a business if he can become an agent without investing one cent of capital? In my opinion, this agent is intruding illegally into the dairy business in this province. This is not very encouraging to a nonprocessor distributor who would like to improve his operation by investing more capital.

Third, the agent is not controlled by any branch of the government as legitimate licence holders are at this time. After all, if there is no agent category, then he does not really exist from a government point of view.

I personally feel the Milk Commission of Ontario is as concerned about this situation as I am at this time. If it is your intention to have knowledgeable people in the dairy business in Ontario, then you had better act now.

8:30 p.m.

About two or three years ago, LIDDO suggested that the following two matters be considered by the milk commission: First, legislation should be written into the Milk Act prohibiting any licence holder from appointing an agent or dealer under his licence, effective April 1, 1980. Second, agents or dealers should be licenced by (a) purchasing a present nonprocessor distributor business; or (b) purchasing an existing agent's licence from the Milk Commission of Ontario at the usual fee of \$10. This licence will be nonsaleable and nontransferable, except for a father-son relationship.

I don't like to get personal on these matters, but I don't know how else to best drive it home than by saying that if one of your children became seriously ill—I sincerely hope it never happens—from consuming milk that was illegally handled—Now once again, let me tell you, the agents don't come under any control. They don't come under the board of health control and they don't come under your ministry inspection. They are just allowed to peddle milk wherever and whenever they feel like.

If one of your children were to become seriously ill from consuming this product which was illegally handled, you would act post haste. It could happen, and the only prevention is the enforcement of the existing Milk Act and its regulations.

With that, Mr. Minister, I am going to curtail any further remarks I have and I hope you will have an answer.

The Vice-Chairman: Mr. Swart, Mr. Laughren had indicated earlier he would—

Mr. Laughren: I don't mind extending my time to Mr. Swart.

Mr. Swart: I would just like to add a few comments and perhaps the minister would reply to them. It's true to say we have discussed these issues before and the minister has replied before. Perhaps the member for Huron-Middlesex feels the same as I do in that the minister's replies were not fully satisfactory. We would like to take a second round at it, Mr. Chairman.

The whole issue of the preservation of prime agricultural land is serious. I discussed this at some length in my opening comment and in the estimates the last time we sat. There are three areas.

The member for Huron-Middlesex has just talked about one the area of foreign ownership, which I agree is serious. We must prevent it from taking place. We must see that the price of

land is not driven up to the point where prospective farmers can no longer—

Mr. McKessock: On a point of order. Mr. Chairman: Can we not handle things one issue at a time. I got all worked up on the Milk Act and would like to hear the response to that before we go off onto the preservation of farm land.

Mr. Swart: The first issue raised was the preservation of farm land by your member, the member for Huron-Middlesex. That was the first issue he raised. I'm willing afterwards to stop and—

The Vice-Chairman: Mr. McKessock, if you can contain your emotion for a short time, the member for Welland-Thorold, I am sure, is going to be brief and to the point as he usually is. Carry on, Mr. Swart.

Mr. Swart: I want to say that is serious. There is no question about that. However, I suggest, as I did before, that equally serious is the urban development on our prime lands and the permission for aggregate extraction on our prime lands. In the past and even at present, those have been and are more serious than the foreign ownership of our food land.

I'm not suggesting that foreign ownership may take off, but in the past they have accounted for greater loss of our prime agricultural land, particularly urban development, than the other two factors. I am tremendously concerned that the minister, even less than previous ministers of agriculture, is giving no commitment that there is going to be an attempt to shift urban development away from our prime agricultural lands. It's a tremendously serious matter.

If our prime agricultural land is bought by foreigners, it will have serious consequences, but it may remain as agricultural land. Once that land is developed by strip development, body development or solid urban development, it doesn't get back into farm production.

Another very serious part of it is that urban development is taking place on our very best farm land. Historically, that is where development has taken place. I'm not going into reasons for it, but it's a natural development.

Hon. Mr. Timbrell: I would just like to ask a question. Are you going to deal with the examples I gave you in the House to tell me, when we are in committee, what you would have done with them? I gave you a couple of examples.

Mr. Swart: I want to deal with a more

fundamental principle. For example, you were talking about 10 acres, or was it 50 acres of—

Hon. Mr. Timbrell: The size is not material.

Mr. Swart: I suggest to you that the amount of land is significant. The other night I made it perfectly clear to this party and the Liberal Party that nobody is calling for an absolute freeze on all prime agricultural farm land. We are saying that it must have the highest priority for agricultural purposes.

Within that, there may a land commission, as there was in British Columbia, which had the power to give exemptions. It was very tough and gave very few exemptions. That's the sort of thing we're talking about. If there is an application for 10 acres and it's on prime agricultural land, under normal procedure it should be turned down.

There could be extenuating circumstances at one time or another, where that application wouldn't or shouldn't be turned down. First, however, we must establish the principle of priority, and that is what the minister is refusing to do. Whether it is with aggregate extraction or whether it is in regard to urban development, you refuse to establish the primacy of our best lands as class one, two and three, or class one, two, three and four, being preserved for agricultural use.

I'll stop there and we can deal with one issue at a time. I just want to say I'm still anxious to hear the minister state that there shall be the primacy of all our best land for agricultural purposes. You know it ends up at the Ontario Municipal Board under zoning bylaws or under official plans. If you establish that primacy as a principle, the Ontario Municipal Board will make the decisions on whether one particular little piece should be preserved or not.

Mr. McGuigan: Mr. Chairman, with respect, I would just like to point out that as soon as the new Planning Act is passed, this whole ball game is going to change.

Mr. Swart: Why?

Hon. Mr. Timbrell: The member for Kent-Elgin is quite correct. We got into an exchange about this in committee of the whole House. My understanding is that we have to circulate a policy statement in order for the Food Land Guidelines to have any standing at all under the new Planning Act. Our intention, as I said to you in committee of the whole, was to do just that so they will have effect.

Mr. McGuigan: It will be the strength or

weakness of your statement that will determine what will happen.

Hon. Mr. Timbrell: If Mr. Swart is finished, I could perhaps—

8:40 p.m.

Mr. Swart: Go ahead and finish your statement, but surely, Mr. Minister, you have seen the Planning Act. I was on that planning committee for three years. The Planning Act simply says that other ministers may produce policy statements.

To the best of my knowledge, only two of any substance have been produced. One is the agricultural guidelines and the other is the planning for aggregate extraction. But there is no requirement that any minister produce a policy statement. You don't have to produce a policy statement on that. It doesn't have to be tabled in the House. We tried to move amendments that would make it a requirement to produce policy statements.

It doesn't require a policy statement to be produced by anybody. It does not even have to be tabled in the House. To say that the new Planning Act is somehow or other going to protect agricultural land is—it may not be deliberate—a distortion. There is no more reason to expect that it will than the present Planning Act will.

Hon. Mr. Timbrell: Mr. Chairman, I will deal first with the milk issue and then we will come back to the other.

Mr. Chairman: Did you wish to make a point before the minister?

Mr. McKessock: No.

Hon. Mr. Timbrell: This is a rather interesting issue. I have a particular personal interest in this because I grew up in the milk business from the time I was about 11 years old, working on the milk wagons and milk trucks in the east end of Toronto. In fact, I put myself through school that way.

As I understand it, the carving up of the province into distribution areas and the licensing of processor distributors and nonprocessor distributors began in 1934, essentially to protect the farmers because there was unchecked competition. There was abuse of competition in that farmers were being told: "Take our price or forget it. We are not taking your milk." In 1934 the distribution areas were brought in. I forget how many there were—over 100—

Dr. McDermid: More than that.

Hon. Mr. Timbrell: More than that around the province. The dairies in those distribution areas had to deal with the producers in those distribution areas. I guess it was the forerunner of the Ontario Milk Marketing Board and the distribution system we have now as a means of trying to give the producers a better shake.

My understanding could be quite incorrect but it really had very little, if anything, to do with the question of safety. At no point in the review of this issue do I feel my children are any better or worse off for distributors being licensed. The Milk Act gives us plenty of authority to act with respect to the dairies and the inspection of milk parlours. The development last year of one single grade A standard and the fact that 95 per cent of the milk produced in the province meets the standard is, I think, a means of looking after the safety aspect.

My understanding would be that even the unlicensed agent distributors are still subject to the provisions of the Public Health Act and the food premises regulations. They don't escape that by not being licensed as some form of distributor.

Over the years, as the Ontario Milk Marketing Board came into being and through a variety of changes, it has been reduced to what—11 or 12—

Dr. McDermid: Ten in southern Ontario.

Hon. Mr. Timbrell: By one or two in the north?

Dr. McDermid: Three or four.

Hon. Mr. Timbrell: Okay. So we will say 13 or 14 areas instead of hundreds. I met with the Ontario Dairy Council back in the spring and I met with a couple of people who had been involved with an appeal to the Farm Products Appeal Tribunal. They came to me because they weren't satisfied with the decision and I referred it back for a rehearing. The rehearing simply confirmed the earlier decision. This had to do, as you know, with the dairy in Hensall and the matter around Grand Bend and that area.

We have been looking at the issue and, as I think I indicated in committee of the whole, we are just completing our own internal review of the issue and will now go to cabinet committee and cabinet itself. I just want to submit to you that I think it is probably timely to take a look at the options.

One of the options is to immediately license all the agent-distributors. The second option would be to license them, but sunset those licences while we review the whole system. The

other extreme would be to abandon the whole system. At some point, we have to ask ourselves how the public interest is being served by licensing distributors of milk.

We don't license distributors of fresh fruit and vegetables. We don't license distributors of most farm commodities, many of which can transmit diseases equally as bad as anything that might be transmitted in milk. Licensing just for licensing's sake does not appeal to me. I hope it doesn't appeal to you. One always has to start from the very basic question: How is the public interest served? If it is not being served, then why do it?

Early in the new year I would expect to announce what we are going to do about it. We haven't finalized our position, but no matter what we do, the whole system should be reviewed as to whether a 1934 system still meets the conditions of a totally different marketplace. The marketplace I am talking about is the one that is between the producers and the processors. It is not a matter of safety of the dairy or of the vehicles in which the product is being moved around the province. We have to decide whether that system still serves the public or whether it is an impediment to free trade within the province that is detrimental to the public interest.

Mr. Riddell: We now have an act that is not being enforced. You are either going to have to change the act or throw it out.

Hon. Mr. Timbrell: I agree, but I would invite you to consider that question. You have been in politics as long as I have. When staff come in and say, "These people are escaping our licensing," the first reaction is, "By golly, we are not going to let them get away with that. We are going to license them. We are going to bring them in under our control." But, in this case, I invite you to stand back and ask, "Shall we license any of them?"

Mr. Riddell: That's fine. I am sure the licence distributors would be prepared to live with whatever alternative you decide on. But right now there are those who are licensed and living up to the intent of that licence and those who are completely ignoring the act and making it very difficult for the licensed people to compete. So either throw it open or establish a licensing system which is fair to all.

Hon. Mr. Timbrell: I agree with you there. Whatever we end up with, it should apply to all; either don't license anybody or—

Mr. Swart: Don't you think that with the rapidly diminishing number of dairies that are processing milk in this province and with the increasing size and increasing clout of those dairies—many of them owned by supermarkets—that there is going to be some danger that these distributors are going to be squeezed out? They will have enough clout to squeeze out these distributors. I think of the analogy of the oil companies where the independent distributors have had a real battle to maintain their existence and the oil companies have been putting the squeeze on them. I am sure you must be aware of this. It has been discussed in the House.

Is the same thing not going to happen with regard to milk? You have health controls and quality controls, but there are no controls after the farm gate. Have you no concern at the diminishing numbers of dairies that process milk and their ability to squeeze out the independent distributors?

Hon. Mr. Timbrell: I can certainly remember 25 years ago when there were at least six or eight dairies functioning in the east end of Toronto. There was Blantyre Dairy on Queen Street; Acme Farmers on Danforth Avenue; Valleyview on Pape Avenue; Silverwood's had a plant on Woodbine Avenue; Rutherford's were on Kennedy Road. There were any number of them. Most of them are gone now because of their size and their inability to cope with changes in the marketplace.

8:50 p.m.

What killed several of the small dairies was the market trend towards milk in cartons and the trend towards convenience stores and all that entailed. The very small dairies couldn't retol to do that. I can think of one dairy that made the wrong choice of which carton to try to peddle and it wouldn't sell. They invested so much money in stock and a packaging line for that type of carton that they couldn't turn it around.

Yes, I will be concerned. I don't like to see undue concentration any more than you do. But again, I invite you to stand back and ask, does licensing distributors answer that issue?

Mr. Swart: I am not saying it does. I don't want to leave that impression. At some point very soon, I think we are going to have to get into some system. It may not be licensing; I am not sure that will solve it at all.

With regard to pricing of the milk to these independent distributors, we are getting to the

stage where there are so few dairies left processing milk the small distributors become dependent on those dairies. Those dairies have all the clout and they can wipe out that competition.

I am sure you will agree, if I can use the analogy again of the distributing oil companies, they are the ones that have forced companies like Shell to bring in Beaver to sell the lower-priced gas—because there have been independents. Once you get to the stage where you have a few big companies with that kind of clout, especially when they are owned by the supermarkets, the same corporate ownership, not only the small distributors are going to be in trouble but the consumer as well.

Hon. Mr. Timbrell: I think we would all be concerned with the question of corporate concentration and the effect that has on competition. Our answers to it though might be quite different. After all the years I have been in politics and, as a minister, in a position to be involved with licensing and regulating of one industry or another, I am not convinced that licensing is necessarily the way to do it.

Licensing in and of itself doesn't prevent that sort of thing. We can talk about whether or not the Combines Investigation Act is strong enough, whether the application of it is strict enough and that sort of thing, but I don't know that licensing in and of itself—

Mr. Swart: Not licensing by itself, no; there are other regulations with it. You may have to have licensing, you may not.

Hon. Mr. Timbrell: It is interesting that even with, what, 57 dairies in the province?

Dr. McDermid: Sixty.

Hon. Mr. Timbrell: Sixty, and 20 years ago there must have been 200 or 300—

Mr. Swart: Out of that 60 there are only about 35 of them actually processing milk.

Hon. Mr. Timbrell: Sixty are processing fluid milk, but 20 years ago there were probably 200 around the province anyway.

Mr. Swart: Can I interject here just to get the record straight? Is it not that there are about 60 processing plants in Ontario, but they are owned by about 35 companies?

Hon. Mr. Timbrell: There were 60 separate licences, so there would be 60 separate dairies.

Dr. McDermid: Owned by 35 companies.

Hon. Mr. Timbrell: Oh, I see, yes.

It is interesting, even with the reduction in the number of dairies and, one would argue therefore, with less competition—and certainly in the

east end of Toronto, if you want to get home delivery there is now only one dairy, whereas 25 years ago there was an array of milk trucks on every street. I am sure Welland and Thorold were the same.

Mr. Swart: I know, I used to drive one.

Hon. Mr. Timbrell: The Minister of Consumer and Commercial Relations (Mr. Elgie) put himself through medical school working in a dairy as well.

It is interesting, the milk marketing board regularly surveys the relationship between the farm gate price and the retail price of fluid milk; they compare it to other provinces. About a month ago the chairman of the board sent me a letter updating the survey.

In the operative paragraph he says: "There do not appear to be any significant developments in 1982 in terms of retail prices and the farm gate share of retail prices. Ontario continues to compare favourably with all other provinces. The board at the present time feels that the competitive environment at the wholesale and the retail level works to the advantage of both producers and consumers. None the less trends over time should be carefully monitored."

"In summary, the markup beyond the farm gate appears to be less in Ontario than in other provinces. Furthermore, while farm gate prices are very comparable to those in other provinces, the retail price of fluid milk in Ontario in recent years compares very favourably with those in most other provinces."

It goes on to get into various figures, and market share and that sort of thing.

It is interesting that, even with that reduction in the number of dairies, according to the milk marketing board we still have a very competitive market relative to that of the other provinces, including a couple that operate under quite a different political philosophy and perhaps have a lot more regulation than we have.

At any rate, on that issue I agree that everyone should be treated the same, and either we bring them all under the act and license them all, or that we move either immediately or in time to a system whereby no one is licensed.

Mr. Riddell: The minister should be aware that the processors are doing everything possible at this time to get agents in place, knowing that he is going to be making a decision, one way or the other.

Just to give you an example, Dominion Dairies took over Glenville Dairy not too long ago.

Hon. Mr. Timbrell: Where's that?

Mr. Riddell: Somewhere in eastern Ontario. The information all came from LIDDO. I talked with LIDDO maybe a month ago—

Hon. Mr. Timbrell: I would say about six months ago.

Mr. Riddell: As they were talking I took down all the information. They tell me that Dominion Dairies took over Glenville Dairy and turned all of the driver employees into agents. By jeez, something is going on. They are doing this for some purpose. They took all the driver employees, and said, "Okay, now you are agents."

Hon. Mr. Timbrell: Do you know why they do it? Most of them want to get out of the home delivery market. Rather than completely withdrawing and being stuck with the trucks and the bad will and so forth, they turn around and offer the trucks and the routes to the milkmen; they offer to help set them up as small independent business people.

Mr. McKessock: It is free enterprise.

Hon. Mr. Timbrell: Yes, it is called free enterprise.

Mr. McKessock: They don't have to pay workmen's compensation, unemployment insurance or any of that.

Hon. Mr. Timbrell: Yes, I am sure that is a factor. The drivers become self-employed. In fact 25 years ago I worked at the dairy with the guy who delivers milk to our house in Don Mills; he has been at it that long. He is an independent businessman, where 20 or 25 years ago he was an employee of Silverwood's.

Mr. Riddell: I can see what would happen to me if I was to back up to a brewery with my truck and load it up with beer and start peddling it all over the place. I just don't understand why they come under such rigid enforcement and control, and yet for a product that is consumed in far greater quantities, by all ages of members of a family, there seems to be no control over its distribution.

Any trucker can back up to the processor, load the blasted truck up with milk and haul it. If there happens to be milk left over today, "Oh well, we'll get rid of that tomorrow."

Hon. Mr. Timbrell: But that is the way the dairies always were. What was left over one day went into the cooler and was first on the truck the next morning.

Mr. Riddell: Yes, but you are not too sure the agents are bringing this back to the cooler. We don't know what's going on, because the fact of the matter is they are not being policed.

Hon. Mr. Timbrell: The fact of the matter is, though, that if they want to keep those customers they will make darn sure that it goes back to the cooler, because you only drop off one load of sour milk in that kind of competitive environment and it is the last time you drop milk off at that stop. I can tell you, from my own experience years ago—

Mr. Laughren: Having done it.

Hon. Mr. Timbrell: Having done it, more times than—anyway.

9 p.m.

Mr. G. I. Miller: Mr. Chairman, could I ask one supplementary question? Just as an example, we have a couple of small dairies in our area, like Hewitt's Dairy, which is run by one family; they are quite successful. Another one is the Walsh Creamery, which has been taken over by a couple of young lads just this past summer.

Hon. Mr. Timbrell: Isn't that the one Jimmy Allan had an interest in years and years ago?

Mr. G. I. Miller: No, it is in Hagersville. Both of them are.

They have worked up a good cheese business; they take cream in and pasteurize it and plan on making butter. They are trying to update their equipment.

Do you have any programs that would give them assistance to keep them alive? I know Hewitt's Dairy was able to take advantage of the Ontario Development Corp.

Hon. Mr. Timbrell: We have a program for the creameries under the Board of Industrial Leadership and Development program. You might want to have them talk to our people about that. Otherwise, no.

What were you thinking of?

Mr. G. I. Miller: I just wondered if there was any program to keep this kind of small businesses alive, maybe under the BILD program.

Hon. Mr. Timbrell: We have a program geared to the creameries through the BILD program. If you are interested, maybe you can have them get in touch with some of our people at the ministry.

The Vice-Chairman: That was almost a supplementary question.

Interjections.

The Vice-Chairman: Is his supplementary to this particular issue?

Mr. Laughren: No, I have a whole presentation to make. I don't want to be part of someone else's question.

The Vice-Chairman: As soon as the minister responds to land-use issues, you can make your comments.

Mr. Laughren: I have patience beyond belief.

Mr. McNeil: That is a change.

Mr. Laughren: No it's not.

The Vice-Chairman: What's that?

Mr. McNeil: Mr. Laughren and I get along fine, don't we?

Mr. Laughren: Yes, but I would just as soon you didn't say that for the record.

Hon. Mr. Timbrell: On several occasions the member for Welland-Thorold (Mr. Swart) has said, "The government has never stated, and you never state, that the retention of prime agricultural land is a priority with your party, with your government, with your ministry."

I want to start off by quoting one of the key sections of the guidelines. I don't know if you have them there, but it is section 3.13 which says, in its entirety: "Where high capability agricultural lands have been identified, the use of these lands for productive agricultural purposes must be given priority in evaluating alternative uses. If the land is to be used for another purpose, the requirement must be justified."

I would just add to that a section from another document that says: "Every planning authority shall, within two years following proclamation . . . develop planning criteria primarily designed to promote retention and protection of food lands but which will permit nonagricultural use where justified."

The second thing I am quoting, of course, is from Mr. Swart's private member's bill, Bill 142, in 1980.

Mr. McKessock: How did they get justification for using all the prime land around Toronto?

Hon. Mr. Timbrell: Or that we are sitting on. This was prime land.

Mr. McKessock: That was many years ago; but what about now, in the days when we are talking about preserving it?

Hon. Mr. Timbrell: I wasn't saying it in any combative way, because there is no press here and there has been very little press attendance at the estimates.

I gave you a couple of examples. I was really curious to know how you would have dealt with them, given that, with respect, when I look at your Bill 142, requiring, as it does, that "Every planning authority shall . . . survey and classify all agricultural land situate within the planning

area. . . prepare a plan designating as food lands those areas which can be defined as such and recommend such plan to the council of the designated municipality for adoption;" and, "develop planning criteria primarily designed to promote retention and protection of food lands but which will permit nonagricultural use where justified."

Then it goes on to say, in effect, as I read section 3, that the council must accept a recommendation of the planning authority. Then there is a section for unorganized municipalities.

But really, as I read all eight sections of your bill, it has the same effect as the Food Land Guidelines.

As I said last Wednesday night to the Christian Farmers Federation of Ontario, the whole question of land use is very much a shared responsibility of the municipalities and the province. Your bill certainly recognizes that.

Mr. McKessock: If you had known your bill was going to be looked at so thoroughly, Mr. Swart, you would have made a better job of it.

Mr. Swart: The Conservative government—

Hon. Mr. Timbrell: You told me this was the answer, the be-all and the end-all, as I recall at the time, because I was here. We pointed out that the Food Land Guidelines were already doing what you proposed. With respect, you are really not proposing anything different in that bill to what we have.

Your bill zeroes in on the local responsibility for planning, which is all well and good. It says that the local municipalities in effect have to justify alternative uses of prime farm land, and that is what our guidelines say. You have clarified it earlier tonight; you are saying that you are not talking about an absolute total freeze. I am glad to hear that, because that would obviously be totally unrealistic. It allows for each case to be judged on its merits.

You were touching on the question of aggregate. An earlier section, 3.12, of the guidelines reads as follows: "Where a potential for such resource uses as forestry or sand and gravel extraction overlap with areas having agricultural potential, it is necessary to determine which activity receives higher priority for any given area. In some cases, forestry or sand and gravel extraction must have priority. In other cases, agriculture must have priority."

In every case it comes back to a judgement call. Your bill recognizes, and we recognize, that the local municipalities have a role to play. Later on you were making some statement to

the effect that the guidelines had little if any status before the Ontario Municipal Board. We all recognize—and I sat on the select committee on the municipal board 10 years ago—that there are many times that the OMB does have to make a decision or arbitrate between competing parties. They do follow the Food Land Guidelines. They have been used in over 200 hearings that my staff have attended in the past four years and in many others we have not been called on to attend.

I want to quote to you from one or two of their decisions. On the Durham official plan decision, they stated: "The Food Land Guidelines of 1978, setting out government policy binding upon this board, provide for the preservation of lands for the purpose of agriculture."

From a later decision in Murray township, where they turned down a subdivision that had been proposed near an apple orchard, they said: "The Food Land Guidelines are guidelines that, since their introduction by the government some three or four years ago, the Ontario Municipal Board has consistently tried to apply where they seem applicable." That again goes back to the judgement call on each.

I gave you a couple of specific examples and I shall quickly repeat them. There was one involving a cemetery. You say 10 acres is of no consequence, but 10 acres is 10 acres when it is prime farm land. I told you that because we found there was land of much lower productive value in the same region, I instructed staff to stand firm on our position that the cemetery should not be allowed, that they should be told to leave it in agriculture and to buy 10 acres or whatever they needed of less productive land elsewhere in the region and use it.

I put it to you, in committee of the whole House, that if there was no alternative I would not have had any choice but to let that cemetery go ahead, notwithstanding the fact that it is class 1 land, but there was an alternative available. I asked you what you would have done.

The other example I gave you was of a senior citizens' project in Ancaster where, again because there was land already designated for development and serviced in Ancaster, I told staff we should stand our ground and oppose the development of that land.

Mr. McKessock: What happens the next time when you run out of those places?

9:10 p.m.

Hon. Mr. Timbrell: Every single case has to be judged on its individual merits.

Mr. McKessock: But if you run out of non-agricultural land—

Hon. Mr. Timbrell: But we're not.

Mr. McKessock: I mean around a city. Are you going to put it off?

Hon. Mr. Timbrell: Let me ask you then what you would have done in the case of the cemetery or in the case of the senior citizens' project. In that case we stood our ground because there was an alternative.

Mr. McKessock: What about next time when there isn't?

Hon. Mr. Timbrell: There is a need for housing. No one is disputing that there is a need in that community for housing for senior citizens, but there was no need to take land presently designated and used for farming out of farming because there were alternatives available.

Mr. McKessock: No, no.

Hon. Mr. Timbrell: Again, I would have to say in that case if there had been no alternative, I would have felt I had no choice and I would have let the senior citizens' housing go ahead on that prime land.

Mr. McKessock: My point is that it seems the Food Land Guidelines are just a tactic to hold it until it is needed for something else.

Hon. Mr. Timbrell: That's true of all zoning. All official plan designations are, in effect, a means of holding. I don't know of anything in planning law for any use—

Mr. McKessock: So eventually you're going to use it, in other words.

Hon. Mr. Timbrell: No, that's not what I'm saying. In effect, in law all zoning and all official plan designations are a holding mechanism which the owner can apply to have changed. Everyone has that right.

My house sits in the middle of a large subdivision zoned R-4 or R-5 or whatever. In theory, if I wanted to, I could apply to the planning board and then North York council for RM-6, which is 60 units to the acre. It's my right. It's my land.

Mr. McKessock: It has been mentioned that maybe they would put boundaries around the city and figure out where it is a legitimate place to stop, but it may be 10 or 15 years before they get there. If that isn't done fairly shortly, it just keeps getting bigger and bigger and expanding wider and wider.

Hon. Mr. Timbrell: Before you got here as a member, back in the early 1970s, there was a lot

of flak around here, and we discussed it in committee of the whole House, when we proposed and established parkway belts and the like around Metropolitan Toronto, to the east of us and to the west of us, separating Brampton and Mississauga from Metro and around Oakville, Burlington and Georgetown. A lot of that has been done. I guess it took the better part of three years, maybe more, between the point of the proposal and the actual final definition and legal implementation of those buffers.

I think I know what you're getting at, that we should be promoting growth in other areas. I'll give you an example. We have had a "go-east" policy around here ever since the Toronto-centred region plan in about 1969. In doing that, we still run up against good farm land. Go east has meant out through Ajax, Whitby, Oshawa and Newcastle. We still run up against problems. One of the quotes I gave you from the Ontario Municipal Board was from a decision on the Durham official plan which had to look at some issues involving prime farm land.

Mr. McKessock: There are 500 or so small communities in Ontario that are all looking for industry. If there was some control put on agricultural land around the larger cities, we would have no problem getting industry, because they might have to go there.

In Owen Sound, for instance, there is a big RCA plant that employed 300 people and has been sitting empty for years. As long as industry can build on that choice farm land around the cities, it is going to do it.

Hon. Mr. Timbrell: That's not why the RCA plant is empty, you know that.

Mr. McKessock: I'm saying it would help the small communities and the communities 100 miles away from Toronto if we couldn't build on choice farm land.

Hon. Mr. Timbrell: I'll give you one example of an issue. Early on in my time in this ministry we had to deal with the question of the official plan designation of the village of Brooklin to the east of us. It is part of go east—it has been talked about for at least a decade—to promote development east of Metropolitan Toronto. We had to deal with growth there. That's growth that wouldn't be occurring in Metropolitan Toronto or literally right on the doorstep of Metropolitan Toronto. It's somewhat removed.

We took a fairly tough stand on that and we ended up with—a compromise, I guess, is the best way to put it, that does contain the bounds of the village of Brooklin now. You had to look

at the village of Brooklin with the services in Brooklin. There are a couple of old plans with a subdivision on part of Brooklin that had to be taken into consideration and what was going to be approved and what wasn't going to be approved.

Every case is different. There are no two exactly the same, except that, as the guidelines say, priority is given to the retention of farm land and alternative uses must be justified.

This is what I meant, of course, when I was asked the question at a Christian Farmers Federation of Ontario meeting. I just don't think it's possible and I don't think you're saying it's possible to, in a couple of sentences in an act of the Legislature say, "Here is exactly the way everything is going to be done everywhere in the province, from Prescott and Russell to Kenora." There are hundreds and hundreds of municipalities and local planning authorities that are part of the planning process. The planning must initiate with the local authorities.

Mr. Swart: Mr. Chairman, my colleague says he has infinite patience and would only spend another moment or two on this. I suggest to the minister he is really evading the real issue here of government responsibility—

Hon. Mr. Timbrell: What is the main issue?

Mr. Swart: —in primacy of the preservation of prime agricultural land.

Just a moment. You quote from the guidelines. Also, you know, there are other statements in the guidelines about sorting land needs which don't give any primacy to the agricultural land. At the time that was passed, that was the only document. Therefore, it did give some primacy. Since that time, another document has come out with regard to aggregate resource, which is even stronger than that. You have a policy statement on aggregate resource which says that where there is aggregate it must be identified and must be shown in the official plan.

It says the Ministry of Natural Resources shall have the authority to ensure that adequate supplies of aggregate are identified and official plans should not be approved until they are sure that this is so."

Hon. Mr. Timbrell: With respect, you say that is if showing it on a map automatically means it's going to be developed.

Mr. Swart: Mr. Chairman, if the minister knows the planning process, he knows how that can be developed. You read selectively from the decision on Durham about agricultural land. If you read that whole document on the decision,

Durham had to show their aggregate, too. Once that is on an official plan, if a municipality doesn't want to change that for aggregate extraction, if the land is sold to an aggregate producer the owner can make application directly to the Ontario Municipal Board to have that land use changed.

Hon. Mr. Timbrell: He can do that whether it's shown on the map or not.

Mr. Swart: No, if it's not shown on the map, it's much more difficult. He can have it zoned. He can apply and if it's shown on there as an aggregate resource, the chances the Ontario Municipal Board will approve it are very strong, especially—

Hon. Mr. Timbrell: With respect—

Mr. Swart: May I finish, Mr. Chairman—especially if you don't have any primacy for agricultural land. All of these decisions, the final decisions, are made at the Ontario Municipal Board when there is a dispute. The board does not make policy. The board goes on government policy.

If you have primacy for agricultural land, if you just state in a general statement that in general good farm land shall have primacy over other uses, just that one statement in government policy would cause the Ontario Municipal Board to turn down development of aggregate resources on that land.

I've been before many, many hearings and that is the situation.

Hon. Mr. Timbrell: Let me just ask you a question. Would the municipal board still not have to, in some cases, answer questions about whether or not there is a need for that aggregate?

Mr. Swart: Of course, but if you have in general—

Hon. Mr. Timbrell: It's a specious argument.

Mr. Swart: It is not a facetious argument.

9:20 p.m.

Hon. Mr. Timbrell: No, I said it's a specious argument.

Mr. Swart: It is not a specious argument.

Hon. Mr. Timbrell: It might even be facetious, I don't know.

Mr. Swart: It's not a specious argument, because the Ontario Municipal Board makes decisions based on government policy. If you established a general principle that agricultural land shall have primacy for agricultural purposes, there then has to be very overriding reasons before they'll make any changes in that.

You don't have that at the present time. Your aggregate is tougher than your land preservation.

Hon. Mr. Timbrell: How is it tougher?

Mr. Swart: When you have statements in this document, which is still the document—and there was a tougher one put out which was stymied largely by the New Democratic Party—

Hon. Mr. Timbrell: It is proposed to be issued as a policy under the new Planning Act. I have indicated to you that we will be issuing a document—

Mr. Swart: What I want you to indicate to me is that the document coming out will say that agricultural land has primacy for agricultural purposes.

Hon. Mr. Timbrell: You refuse to listen to what I read to you from the existing Food Land Guidelines that say, "The use of these lands," referring to agricultural land, "for productive agricultural purposes must be given priority in evaluating alternative uses." If the land is to be used for another purpose, the requirement must be justified.

No matter how you cut it, whether you use the word "priority" or "primacy" or whether it's your private member's bill 142 or the Food Land Guidelines or the policy circular that we will develop and issue in 1983, it still comes down to local authorities having a role in this, to local judgement calls, to a judgement call by the Ontario Municipal Board.

Mr. Swart: If you were sitting on the Ontario Municipal Board and that was read to you and then this clause was read to you, "The province in co-operation with the municipalities must identify areas of high aggregate resource potential and define these areas required for possible future extraction adequate to meet future provincial demands," what would you do? That doesn't have primacy over this?

That's the point I am trying to make. You have not established the primacy. You have two documents, one which says that in effect you give primacy to aggregate resources and another one which says, much less forcefully than this does because you've got 10 clauses and they're all puff, that you must give primacy to agricultural land. There is no clear statement of government policy.

Mr. Chairman, if I may, I have here, or thought I had here, the new Planning Act. You seem to think that is going to provide some answer. Let me read you that.

Hon. Mr. Timbrell: I'm sorry, what is it you're reading from?

Mr. Swart: I'm reading the new Planning Act which has been reported and is going to go up for third reading.

"The minister, or the minister together with any other minister of the crown, may from time to time issue policy statements that have been approved by the Lieutenant Governor in Council on matters relating to municipal planning which in the opinion of the minister are of provincial interest.

"Before issuing a policy statement, the minister shall confer with such municipal, provincial, federal or other officials and bodies or persons whom the minister considers have an interest in the proposed statement."

There's no requirement to issue any policy statements, not to be tabled in the Legislature.

Section 2: "The minister, in carrying out his responsibilities under the act, will have regard to, among other matters, matters of provincial interest such as... the protection of the natural environment, including the agricultural resource base of the province, and the management of natural resources."

We tried to put in there a clause which would have given primacy for the retention of that prime agricultural land. By "we," I mean the NDP, and we had the support of the Liberals on that one. The Conservative majority voted against it.

We tried to provide that it was mandatory to issue a statement on all of these areas. Where it's stated that the province has a responsibility, it ought to be required to issue a policy statement. That was voted down by the Conservative majority.

We moved an amendment to section 3 that that policy statement would have to be tabled in the House. It was voted down by the Conservative majority.

Hon. Mr. Timbrell: What benefit would it be?

Mr. Swart: The benefit is this: if it's tabled in the House for debate—

Hon. Mr. Timbrell: You can refer anything to committee for debate. Just refer to the last annual report.

Mr. Swart: We don't know as MPPs that these statements are even going to be issued.

Mr. McKessock: Or when they're issued.

Mr. Swart: Or when they're issued. We have no way of knowing. They're law before we, as MPPs, even know it. Important issues like the land-use policy for this province are not even going to be tabled in the Legislature.

Do you agree? Do you think there ought to be debate on—

Hon. Mr. Timbrell: Judging by the progress of the House in this fall session, if we had to table everything in the House before it was finalized, nothing very much would get done about anything.

Mr. Swart: You may think that's a good enough answer, but I don't.

Mr. Wildman: Parliament is inconvenient. Democracy is inconvenient.

Hon. Mr. Timbrell: Listen, we won't get into what has been abusing Parliament this fall, but—

Mr. Swart: Mr. Chairman, the simple fact is, there's no primacy to preserving agricultural lands.

Mr. Laughren: Did you use the word "listen"?

Hon. Mr. Timbrell: What's that?

Mr. Laughren: Did you use the word "listen"? You said, "Now listen, Mr. Wildman." I hear that continually when we are putting questions to the Premier (Mr. Davis).

Mr. Swart: I'm going to give way to my colleague who has the patience—

Mr. Riddell: He has to answer my questions of foreign ownership first. But, before the minister does I would be interested in knowing whether the Brampton official plan designating 7,000 acres of prime farm land for urban development has come before his ministry for his comments.

Hon. Mr. Timbrell: Sure it has. Yes.

Mr. Riddell: Would you mind telling us what your comments were?

Hon. Mr. Timbrell: We haven't finalized it, but that's one we are working on.

Mr. Riddell: This is where you and your Food Land Guidelines are going to be put to the test.

Mr. Swart: They were put to the test on the 1,000 acres in the hole in the Burlington doughnut.

Mr. Riddell: That's almost a fait accompli. I mean they're not going to—

Mr. Swart: I agree, because they wouldn't preserve it.

Mr. Riddell: But here we have a new issue, Mr. Timbrell. We have 7,000 acres of Brampton farm land and it will be interesting to see what the minister is going to do about that.

Interjection: Preserve it until its needed.

Hon. Mr. Timbrell: Once you are through pending the table. The hole in the doughnut development, so called, is an interesting one; it

predates my time in the ministry. Both the local planning authority and our planners in the ministry were of the view that it was unrealistic—I told you this in committee—to propose that land would stay in agriculture indefinitely, because the infrastructure for agriculture was gone.

Mr. Swart: The Ontario Federation of Agriculture thought that it was viable to stay in agriculture.

Hon. Mr. Timbrell: Again, it comes back to a judgement call.

Mr. Swart: Yes, because we have no primacy for the preservation of agricultural land for agricultural purposes. That's our problem.

Hon. Mr. Timbrell: That is not true.

Mr. Swart: It is true.

Hon. Mr. Timbrell: You know it's not true.

But there's a case where—and I'm telling you very frankly, very openly—the advice of the staff whose job it is to comment on these hundreds and thousands of official plans, official plan amendments, plans of subdivision, severance applications, was that this land cannot be kept in agriculture indefinitely because there is no infrastructure to support agriculture on that land. It is completely surrounded.

What is more, the growth in that community, the city of Mississauga, has been such over the last decade that the growth that they were projecting for the next—was it 10 or 20 years?—whatever period of time, would seem to indicate that in fact that land would be needed for growth in that community.

Mr. Swart: Maybe that growth shouldn't take place in that community on prime land.

Hon. Mr. Timbrell: Are you going to say that in that particular case the city of Mississauga, the province—I'm like you when I go on like that.

Mr. Riddell: Now who is banging the table?

Hon. Mr. Timbrell: No. I'm just making a point.

Are you suggesting the land should have been frozen in perpetuity, notwithstanding the fact that the people whose job it is to comment on these proposals did say it could not be sustained, there was no infrastructure to support agriculture on that land?

Mr. Swart: The Ontario Federation of Agriculture felt that it was a viable farming area, and I would have more faith in the federation than I would in the pro-development bias of the people in your government. Although I have to say, in the land-use section of the Ministry of Agriculture

ture and Food you've had some good people who have been strong in preservation. Mind you, they haven't always won out—

Hon. Mr. Timbrell: We have some very good people and it is unfair for you to leave hanging over any of them the intimation that they are somewhat pro-development or not taking their job seriously. They take it very seriously.

Mr. Swart: Your government is pro-development on agricultural land.

Mr. McGuigan: I'm going to sell the products off my farm to people who live in igloos.

Hon. Mr. Timbrell: Oh, are you? All right.

Mr. McGuigan: Mel doesn't want to have any gravel or stone or anything to build a house for them to live in.

9:30 p.m.

Hon. Mr. Timbrell: This is from the OMB decision, and I am not sure who wrote this, who was the person sitting on it.

It says, "As I understood Mr. Pinder's evidence"—and Mr. Pinder, who gave the evidence on this case, is here—"the problem is that although there can be no doubt that the subject lands are of high agricultural capability, the fact that they are almost surrounded by urban development makes long-term agricultural use unlikely. The disappearance from the area of the agricultural infrastructure, by which he meant such uses commonly found in well-established agricultural areas such as co-ops, farm machinery dealers, garages where welding can be done and the like, make the long-term continuation of agriculture less likely."

"Mr. Pinder also referred to the inhibiting effect on agriculture of proximity to a large urban population resulting from the conflicts that occur in such a situation."

Later they went on to say: "The evidence was entirely clear that there is no land of low agricultural capability in Mississauga that could serve as an alternative site for the urban development contemplated on a long-term basis for the subject area. It would appear, furthermore, that the closest substantial areas of low agricultural capability land are to be found at or above the Niagara Escarpment."

"I cannot, however, take seriously the off-hand suggestion, made on behalf of appeal, that the population contemplated for the subject area, well over 100,000, depending on the density that is being permitted, could be accommodated on the poor soils associated with the escarpment or somewhere in the pre-Cambrian shield country to the north."

Then he goes on: "I do not read the guideline as obliging the municipality, before providing its official plan for long-term nonagricultural use of high capability land, to rule out possibilities, such as appeal suggestions, that are remote in both meanings of that word."

That is why I ask you. There is a case where all indications are that long-term agricultural use of the land is just not in the cards.

Mr. Swart: On the supposition that development is going to get priority and ultimately going to come in—

Hon. Mr. Timbrell: No, that is not it at all.

Mr. Swart: Of course it is. You talked about the growth of population there.

Hon. Mr. Timbrell: When we take a look at an application, we start with the question, can it be retained and is there an alternative? In this particular case, there is no infrastructure to support agriculture left in the area and there is no alternative in the immediate area for the growth of the people who want to live there.

Mr. Swart: You talk about people who want to live there. At one time the government of Ontario was going to produce a plan for development in Ontario which was going to shift the development away from these prime agricultural areas. In effect, you are saying and telling us if the municipality is growing, even though there is prime agricultural land around it, you government plans to take no action to shift the development elsewhere.

Hon. Mr. Timbrell: That is not what I am saying. In fact, if you look at a number of things in the BILD program and its antecedent programs, there have been a number of initiatives taken to promote various kinds of development in other parts of the province, whether it be around Kingston or whether it be in Sudbury or whether it be in Thunder Bay or wherever in the province.

What I am saying is if, notwithstanding those efforts, for whatever reasons the population continues to grow, even if it is just the indigenous population, in the case of the children of the indigenous population who would want to stay in their community, to have a home of their own, you cannot say to them, "I am sorry, you cannot stay here," because you know darn well that—

Mr. Wildman: It would be nice if the government would say that to the people who live up north but who have to leave and come to southern Ontario to get jobs.

Mr. Swart: Are you happy that 95 per cent of the growth in Ontario in the last 20 years has taken place on prime agricultural land?

Hon. Mr. Timbrell: I would dearly love to see as much of the growth in the future occur on land which is not prime land.

Mr. Swart: The Conservatives have been in power for the last 40 years—

Hon. Mr. Timbrell: Let us talk about the fact that in the last 10 years when the Conservatives have been in power the amount of land under cultivation in this province went up over one million acres. Let us talk about the productivity of the land that has gone up several-fold in the last 25 years. Let us talk about the amount of land that has been put under tile drainage while the Conservatives have been in power.

If you really want to go down that road, there are a lot of things we can get into.

Mr. Riddell: Class 4 land will never be as productive, and you know it, as class 1 land.

Hon. Mr. Timbrell: I am not saying it is.

Mr. Riddell: You talk about bringing poor land into production, but it will never, never, never be as productive as class 1. We are talking about history. If we could retrace our steps, we would never allow the Queen Elizabeth Way to go below the escarpment; we would probably have had it go above the escarpment. Look at this lovely land that is taken up with all the industry and services. That is history. We have lost it now and we have to preserve this agricultural land.

Hon. Mr. Timbrell: All I am saying is, as a matter of principle, I would want to see growth, wherever possible, go on land that is less productive, but there are going to be cases, and I think you have acknowledged it, where there is no option.

You cannot say to people: "Look, this is it, you cannot live in this town, notwithstanding your job is here or your family is here. You cannot stay here; there is not going to be any growth at all." That is just not realistic.

Mr. McKesock: I have a supplementary to that statement you just read.

You mentioned that the decision was made because it was impracticable to retain it because it was too close to the city or something like that. I remember bringing up in these estimates a year or two ago that I had read—and maybe you can have your agricultural people check on this—that a corn field next to the city was actually a benefit to the city dwellers because it

was collecting a lot of the soot and smog and what have you on its broad leaves and then it was being ploughed under. It was one way of keeping the air around the city pure.

Maybe you should do a little more experimenting about that and maybe you should be keeping in agriculture some of this land close to the city, or even within the bounds, to help keep the air in the city pure.

Hon. Mr. Timbrell: If that is true, if there is something to it, that will always be the case. There will always be land adjacent to the cities, particularly with the parkway belt that is around Metropolitan Toronto and the surrounding communities.

Mr. Riddell: If you would answer my questions, we could get on to something else.

Hon. Mr. Timbrell: I am coming to that.

The Vice-Chairman: As far as time is concerned, I believe we are to adjourn at 10 o'clock. Is that correct?

Mr. Swart: The vote is not until 10:15 p.m. . .

The Vice-Chairman: If the vote is not until 10:15 p.m., then we should adjourn about 10:10 p.m.

Hon. Mr. Timbrell: I had understood from our House leader that the three House leaders had spoken about concluding our estimates with tonight's and tomorrow's session, but that is not Mr. Riddell's understanding. Did you understand that from your House leader?

Mr. Swart: My understanding was that it was to go on on Friday as well. Is that not the case?

Hon. Mr. Timbrell: I understood today and tomorrow and we would wrap up tomorrow.

Mr. Swart: I was not consulted about concluding.

Hon. Mr. Timbrell: We will see what they say.

Mr. Riddell: Are we going to see the report?

Hon. Mr. Timbrell: Yes.

Mr. Riddell: When?

Hon. Mr. Timbrell: Right now.

Mr. Riddell: Good.

Hon. Mr. Timbrell: As soon as I make sure I have answered all the other things. Where is that letter the Minister of Natural Resources (Mr. Pope) sent? Have we got that here?

I want to clear up one issue we talked about, namely, the question of the acreage tax, because that is something we have been working on with Natural Resources, as I told you in the House.

I want to quote to you from a letter the Minister of Natural Resources sent out recently.

This really represents the conclusion of our discussions. This was a letter to a lady in the Huntsville area.

He starts off by enclosing a copy of a discussion paper on the revisions to the Mining Act dealing with the recommendation of the proposed acreage tax. He also enclosed a copy of a page from the 1974 report. You have seen that; you remember that.

9:40 p.m.

Then he says: "I am presently reviewing many new concepts and principles with a view to incorporating them into the new act, but no decisions have been made on any of them at this time. I certainly never intended that anyone should pay a tax on mineral rights that they did not own. In addition, I plan to exempt bona fide farm or agricultural lands from the tax if the recommendation now before me is accepted."

I think the intentions of the Minister of Natural Resources are pretty clear. Certainly, we were glad to see that agricultural land would continue to be exempted, as at the present. I just wanted to clear that up before we went beyond that.

Mr. McGuigan: What are you proposing on his land that he can stop you from doing?

Hon. Mr. Timbrell: You will be interested to know that we resolved another problem today in Mariposa township. We had a meeting this morning with three of the members of council from Mariposa. The reeve and one of the councillors has declared a conflict of interest so we met with the deputy reeve and two councillors.

They passed a motion yesterday asking that the conditional approval be reinstated. That conditional approval—again I referred to it in the House a week or two ago—was following a meeting I had with the previous council from Mariposa about four months ago.

I spoke to the Minister of Natural Resources and, as a result of that, a meeting was convened in that area that included representatives of the township, the local anglers' and hunters' federation, people from my ministry and people from MNR. They worked out some compromise. I can't explain to you all the engineering details of it but it was to meet both purposes: to give effect to the agricultural needs for drainage and also to protect the fish-spawning habitat.

Anyway, this council—that is, the three who were still voting—voted yesterday to ask that the conditional approval be reinstated and we met with them this morning over breakfast—we got the Minister of Natural Resources to pay for

breakfast—and it has been reinstated as of now today.

Mr. Riddell: Now the decision rests with council as to whether they are going to clean that—

Hon. Mr. Timbrell: To proceed with the contract that was let by the previous council. The previous council had a contract based on the compromise that was arrived at at that meeting, I think in September. There was apparently, some further concern after that meeting expressed to Natural Resources by the anglers and hunters about the engineering which resulted in that conditional approval being lifted. It was not lifted entirely but on the basis that the new council should review the matter and they have. They have said, "Please reinstate it." That has been done and, as I understand, the contract will now proceed.

They telexed and told the contractor—hold down your way in Listowel—not to move equipment or people. The anglers' and hunters' federation, quite properly, are going to watch very closely because they have some strong concerns that the natural habitat for fish spawning not be destroyed, and that's fair enough.

As I said to the group this morning, it is not a question of agricultural concerns running roughshod over the concerns of anglers and hunters and those who are concerned about the preservation of the natural habitat. In many instances there are ways to meet both requirements. There are going to be occasions when the natural habitat will be such that it is too fragile to interfere with it and no drainage will proceed.

Mr. Riddell: The conditions which were laid down by the Minister of Natural Resources allowed for both the preservation of the spawning beds and also for cleaning out the spawning drain. What I couldn't understand is why in the world did the Minister of Natural Resources withdraw those conditions at the time of the election of the last municipal council or prior to it.

Hon. Mr. Timbrell: Subsequent to that agreement, there was some concern expressed at whether the municipality was serious about doing it that way.

Mr. Riddell: What about the threat the anglers and hunters held over the heads of the municipal council that they would be sued for \$100,000 a day if they went ahead to clean out that drain? Was that just an idle threat, or if they were making that kind of a threat, on what grounds?

could they sue a council \$100,000 a day for cleaning out the drain?

Hon. Mr. Timbrell: There is a Lakes and Rivers Improvement Act and the Minister of Natural Resources in Ontario is the designate of the Minister of Fisheries of Canada for the administration of that legislation. There is a provision in that legislation that anybody who disturbs a spawning area is subject to a fine of \$100,000 a day on conviction.

Rather than giving you an incomplete or inaccurate picture, I would sooner have Mr. Spencer describe what that act says and does. There was no question the threat was made in a public council meeting.

Mr. Riddell: The thing I fail to understand is how such a threat could be made. If one goes back into history, the shore drain was originally a natural waterway and the water flowed out draining the land and whatever was running into it. We had a natural waterway which has now become plugged and has backed up on the farm and land. Just because it happened to form some spawning grounds for the fish, do you mean to say the anglers and hunters can now come along and say: "Well, I don't give a damn about whether it was a natural waterway at one time. It happens that it is now plugged and we have some spawning grounds for fish and we will sue you for \$100,000 a day if you dare let that water go where it is naturally supposed to go?"

Hon. Mr. Timbrell: Maybe, Mr. Spencer can tell you on that legislation and what it does or doesn't do.

Mr. Spencer: The legislation is federal legislation—the Fisheries Act. There are a number of matters covered by the act, but the relevant part is where you do things that are detrimental to the habitat of the fish either in their spawning habitat or anywhere else in their life cycle.

The whole operative part of it is that it must be proven that you have impaired it. Until such time as this thing is taken to court, prosecuted and a judgement rendered, we don't know whether the council could be convicted or not. As I understand it, there has not really been a first case in Ontario that involves the Drainage Act; so at this point we don't know whether the threat was a real one or otherwise. If they were taken to court and the case was proven, then that fine is a possible consequence.

Hon. Mr. Timbrell: That can happen anywhere. It is on the books and if somebody feels

strongly enough about it, he has got the right to pursue it. This case goes back seven years.

Mr. Riddell: I was told eight years.

Hon. Mr. Timbrell: When it was drawn to my attention, I merely drew it to the attention of the Minister of Natural Resources (Mr. Pope) on that particular example. Out of that came this local meeting and the contract which is now going to proceed. I also indicated to him that, in my view, we had to try to find some way to bring under one process all the ministries and their possible objections.

This case has gone on about five years. They have been to the drainage referee, to the county court and even to the Supreme Court. About five years into it, when they thought they had satisfied all the requirements and jumped all the hoops, this issue was raised. That isn't to say this concern shouldn't be raised, but it was raised a long way down the road when the work would cost a lot more to carry out.

9:50 p.m.

We are trying to find some way that would give all possible interested parties, including other ministries, the opportunity early on in the process under the Drainage Act, to state for the record whether they have any concerns and, if so, what they are. Then they can be dealt with right from the beginning and everybody will know where he stands. We will have more to say on that, I hope, before too long.

Mr. Riddell: I want to congratulate you on your efforts. I really feel drains should be cleaned out in keeping with your own policy. That is bringing more land into production in eastern Ontario as well as in northern Ontario.

I don't know how many phone calls I have had. Perhaps you got them too because I said, "Well, really the person you should be phoning is the minister." I have been receiving many phone calls. There is a very strong suspicion on the part of land owners in that area who have been there for years that those blasted fish were planted. They said for the fish to get there the damned things had to fly over dams, had to go over boulders, had to roll over dry land, had to do I don't know what else, to get into that blasted area that they now call spawning grounds.

They put out a whole bunch of nets in this so-called spawning ground for 10 days and they caught five muskies—five muskies in 10 days in a whole series of nets. I fail to believe the Minister of Agriculture and Food would permit good farm land which has been flooded because of the plugged-up shore drain to be taken out of

production so five muskies could spawn. I am glad you have put some pressure on and I hope the farmers can now—

Hon. Mr. Timbrell: I am glad you pointed out they were muskies, not flying fish.

Mr. Riddell: Muskies flying over dams.

Hon. Mr. Timbrell: This is another good case in point. There is another policy the Minister of Natural Resources is looking at. I think, quite frankly, the Minister of Natural Resources has to be given some credit for what he is trying to do with respect to his responsibilities in mapping out the resources of the province. Whether we are talking about aggregate or wilderness areas or all known mineral desposits, or in the case I want to make—

Mr. Laughren: Keeping the civil service in line.

Hon. Mr. Timbrell: I don't think he has mapped that one out.

Mr. Wildman: He sure did, but he lost it.

Hon. Mr. Timbrell: Anyway, the wetland's policy is an example. As I understand it in the paper that is in circulation now, they are proposing that an inventory will be taken of the wetlands in the province and that all of the significant wetlands will be designated and preserved. We support that. It's not a case—

Mr. Laughren: It's not a policy yet.

Hon. Mr. Timbrell: As I understand the paper, that is what is in circulation.

Mr. McGuigan: No more drainage.

Hon. Mr. Timbrell: Oh, no. We said, "That's fine." There are some down your way, as a matter of fact, in the Rondeau watershed—

Mr. Riddell: There is one right next to my farm called the Hay Swamp and I would be the last person to want to see that thing drained.

Hon. Mr. Timbrell: We are saying that's fine. Once that is done, that means the balance could at some point be the subject of applications for drainage. Every case that came back might have cost benefit. As you know, the affected owners can demand that their cost-benefit allowances be made, but we can't force a municipality. This is the point I was trying to make to you in question period last week in the House.

We don't have the authority to force a municipality to initiate and carry out a drainage project. If a local municipality decides not to proceed, then that's its decision and it has to answer to its electorate. If the electorate at the next election decide they want drainage to

proceed, then they will reflect that in how they vote.

Mr. Riddell: But under the new Drainage Act there are a couple of sections which state that appeals can be made to the drainage tribunal and they will make a decision, which is binding. Checking with the clerks back home, they said it's unfortunate this project was started under the old Drainage Act because it doesn't have the teeth in it that this new Drainage Act does.

Hon. Mr. Timbrell: My understanding of it—and staff can correct me if I'm wrong—is that where a municipality agrees to proceed, then matters of design and matters of apportionment of cost can be appealed to the tribunal for resolution. If a council decides it is not going to do anything, can the tribunal force it?

Mr. Riddell: Read sections 54 and 57 of the act and then tell me whether the drainage tribunal doesn't have authority to make a decision.

Hon. Mr. Timbrell: We'll look at it overnight. But my understanding is that we don't have the authority. That was the point I was trying to make to you in the House last week. As a ministry, we do not have the authority to order a municipal council to do something which they in their wisdom, don't think should be done in their municipality.

I'll take a look at it again as far as the authority of the tribunal is concerned to see whether the tribunal could force a council to do it if one applies to the council for work to be done, a new drain or whatever, and it is turned down.

Mr. Riddell: Here again I'm not certain. Don't get me wrong. I agree with the wetland policy on lands that were traditionally wetlands.

As I indicated before, this was a natural waterway which kept the water moving. It is my understanding that the land was good producing land at one time, but because beavers got working in there and it got plugged up, and the municipality refused to clean it out for the last eight years or so, the water has just been backing up on the land. They tell me it is going back further every year and it is keeping the land out of its maximum production.

I would say there is absolutely nothing wrong with opening that natural waterway and draining that land. But I do agree with the wetland policy of land that has traditionally been wetland.

Hon. Mr. Timbrell: This came up in the summer when I was down on Amherst and Wolf Islands. On Amherst Island there is an issue

which has been going on for several years. There's the Miller drain on Amherst Island and there's the Reid Bay on Wolf Island, and whether they should be done at all is a hot local issue. There are two camps. It has really divided the community, which is unfortunate.

These are the kinds of things that have to be resolved locally, with the assistance of the referee or of the tribunal where necessary. But I don't think it's a case where we should say that every swamp is subject to drainage any more than anybody else should say no swamp shall ever be drained. This is not unlike what we were talking about earlier with the member for Welland-Thorold (Mr. Swart). Each case is different. There are no two exactly the same and it calls for a judgement call.

Mr. Riddell: If other members want to go down to other areas, if you want to write me the answers to those questions—

Hon. Mr. Timbrell: Which ones?

Mr. Riddell: I posed a series of questions. I'm sure your ministry officials marked them down. If you want to send me the answer in writing, that's fine. I know they have some other matters they want to discuss with you today.

Mr. G. I. Miller: Can I just ask a question in regard to financing of drains? To give an example, they put a municipal drain in the township of Norfolk. They took out debentures which are running at 19 or 20 per cent. Are they locked in for the lifetime of the drain?

10 p.m.

Hon. Mr. Timbrell: They're locked in for the lifetime of the debenture.

Mr. G. I. Miller: It's with the municipality.

Hon. Mr. Timbrell: Are they 10-year debentures or 20-year debentures?

Mr. G. I. Miller: I suppose they're at least 10 years, yes. That's really putting a burden on—

Hon. Mr. Timbrell: I would have thought that most municipalities, at those rates, would have opted for a shorter lifetime on the debentures—five years maximum at those kinds of rates.

On approved projects we pay one third. In eastern Ontario, as Mr. Villeneuve knows, we have an issue under way right now. When the Clark government was in power we were able, after many years of effort, to get an agreement, that is known as the eastern Ontario subsidiary agreement, whereby the federal government agreed to put in an extra third on approved municipal drains up to \$11 million. We were

able to get another million diverted from another part of the agreement, so it was \$12 million.

Mr. McKessock: There was something done in that short period of time.

Hon. Mr. Timbrell: Yes, I am told that we had tried for several years. Mr. Villeneuve could fill you in on that.

Mr. Villeneuve: Yes, that's right. We couldn't get anything.

Hon. Mr. Timbrell: From the government previous to Mr. Clark's regime.

That nine-month period was very productive for eastern Ontario at any rate. That \$12 million has now been allocated, and there are a number of other municipal drains they would like to proceed with.

Mr. Villeneuve: Over \$2-million worth of work has been completed in my area alone. It's going to hit very hard if they don't get that one-third grant.

Hon. Mr. Timbrell: We're trying to convince the federal people that they should put some more money in.

This agreement was to run to 1984. The money that has been allocated as of this year is used up and we would like to get them to allocate more money. Otherwise, those projects, when they proceed, will be eligible for the provincial one third, but there wouldn't be the other one-third contribution from the federal government.

Coming back to your example, I would have thought that a municipality facing the prospect of rates like that would have opted for shorter-term debentures than 10 or 20 years, in which case they would roll them over later on.

Mr. McKessock: The government didn't. The Ontario government has 20-year debentures at 15.75 per cent or something like that.

Hon. Mr. Timbrell: I would also remind you that by the end of this year we will have bought about \$125 million or \$145 million of debentures from the municipalities for on-farm tile drainage at rates of 10 per cent this year and eight per cent last year, well below the market rate. We're significantly subsidizing the rates on those debentures.

Mr. G. I. Miller: I have one other question in connection with the farm stabilization or crop insurance, particularly on the peanut crop. You will recognize it has been a terrible crop this year because of the cool weather and the early frost. It has come to my attention that the

payback is not too satisfactory. I think you've received some correspondence from producers.

How is that being calculated? Is that on a three-year average?

Hon. Mr. Timbrell: I'll ask Mr. Huff, who is in charge of the crop insurance program, to explain that to you.

Mr. Huff: Mr. Miller, I didn't hear all of your question as I was walking up.

Mr. G. I. Miller: The peanut crop is a new crop. The farmers have taken out insurance, but are disappointed in the fact that it has been a disastrous year, and it seems to be the third year of production in which they've run into trouble. How is the insurance payment to the farmers being arrived at?

Mr. Huff: The program is a percentage of damage program. The basic estimate is approximately 2,000 tons of production. The adjusters go out in the field, lift the peanuts, measure what's there, then subtract the amount from the ideal 2,000 pounds. As you've stated, we don't have any production records which would indicate exactly how much they could produce, so we've used a 2,000-pound standard.

Mr. G. I. Miller: Was that a very fair way to do it? I think with any other farm product, like corn, barley or soybeans you take a harvested average, but when you pull it from the field to measure it, that yield would be under ideal conditions and we all recognize that when harvesting you are going to lose a percentage. Again, when the peanuts were harvested the quality wasn't as good as anticipated.

Is there any chance of reviewing it?

Hon. Mr. Timbrell: They were aware last February that the insurance for peanuts did not include a quality factor. I refer you to a letter that was, I think, mentioned in the Globe and Mail article last week, on December 10.

Mr. G. I. Miller: Yes, I noticed it.

Hon. Mr. Timbrell: It is a letter to Mr. Picard from Mr. Brown, who is a field services specialist. He said: "I am writing to inform you that insurance coverage will be available for the peanut crop grown in 1982. The details of the plan are as follows:

"1. The insured perils are hail, drought, excessive rainfall, flooding, frost, freeze, wind, excessive heat, insect infestation and disease.

"2. The maximum coverage available is \$375 per acre.

"3. All growers will start at 70 per cent coverage in the first year and will move to 80 per

cent coverage in five steps after five years if no claims occur.

"4. The farmer premium payable will be seven per cent of the guaranteed coverage.

"5. The total acreage of peanuts must be offered for insurance coverage.

"6. Claims will be paid based on damage that can be seen in the field. Notice of damage must be given as soon as any damage occurs.

"7. Deadline for applications, May 1.

"Larry Scanlan from Delhi will be in touch with you to discuss this some time before May 1, and if you have any questions concerning this plan, feel free to call either Larry or me.

"Yours truly, Greg Brown."

So they were aware then that there wasn't a quality—

Mr. G. I. Miller: I am not saying they weren't aware, but you have indicated they would pay up to \$375 an acre. A harvested crop is a harvested crop, and frost damage was perhaps the main cause because of the frost on August 24.

I don't think it is very fair that you pull it out and harvest it by hand. A harvested crop is a harvested crop—I think that is very simple—and the poundage wasn't there. You can estimate that the poundage was there, but when they harvested it, it was not there.

Mr. Huff: Mr. Miller, that is a quality factor which was not included in the plan. The plan very specifically stated "damage obvious in the field."

Mr. McKessock: He is talking about poundage.

Mr. G. I. Miller: The damage was done by the frost, resulting in poor quality peanuts.

Mr. Huff: Mr. Miller, the crop was there, the crop was harvested, there was a lower quality.

Mr. G. I. Miller: Right.

Mr. Huff: There was nothing the matter with the poundage. It was the quality that reduced the grower's return.

If I could use an analogy in grain corn, if you have a number 2 grain corn and sell it, you get a certain price. If you have grade 5 corn, you get a much lower price.

In the case of peanuts, the poundage is there, but they had a lot of grade 5 peanuts, if you want to compare them to corn.

That particular plan does not have a quality factor. That is the point of contention with the peanut growers.

Hon. Mr. Timbrell: There is an additional

point, too, isn't there, that there is a right to arbitration?

Mr. Huff: That is correct.

Hon. Mr. Timbrell: It has been provided for since the beginning of the plan that where they disagree with the decision of the commission, and this has been reviewed by the commission, which is made up of producers from around the province, they may apply for arbitration of that decision. In that case, I guess, the decision of the commission is subject to being overruled in effect if the process of arbitration finds otherwise.

Mr. G. I. Miller: Would you be willing to have them come in and sit down with the commission to go over this policy? Is this taking place at this time?

Mr. Huff: Mr. Miller, the growers haven't yet accepted the offer of the commission. If they reject it and ask for arbitration, it is automatic. It goes in front of an arbitration board, which comprises three farmers and a chairman, who is a farmer and a lawyer.

Hon. Mr. Timbrell: I have had correspondence with some of them, and staff has had correspondence with others, drawing all this to their attention. I talked on the telephone last week with one of the growers who called me; and staff have talked with others. If they want, it will be referred to arbitration and they could overrule the commission. Whatever their decision is, it will be final.

6:10 p.m.

Mr. G. I. Miller: Again, they feel there is a difference. The letter you received November 11 was from Burns Stephen, one of the growers who was in to see me on Monday.

Hon. Mr. Timbrell: Let me read you the answer that went to Mr. Stephen. This is from Morris Huff, who answered on my behalf. It says: "Mr. Timbrell has asked me to respond to your letter of November 11, 1982, concerning your 1982 peanut crop.

"On January 6, 1982, a meeting was held with peanut farmers who were interested in an insurance plan. At that time, many of the problems in the peanut industry were discussed and a crop insurance plan for peanuts was drawn up. The problem of a quality factor in the plan was never discussed.

"The insurance contract that was established measures a percentage of loss to the crop in the field and does not have a quality factor for sound mature kernels. The premium rate that was charged for the plan was not calculated to

include a quality factor. If there is a quality factor in any of the commission's insurance plans, such as the tobacco plan, it is specifically outlined in the contract.

"In future years, a quality factor may be included in the crop insurance plan for peanuts. In a few days' time the crop insurance commission will be advising 1982 peanut growers with claims of a settlement offer."

Mr. Huff says they have not yet accepted. If they choose not to, it will be referred to arbitration for a final decision.

Mr. G. I. Miller: Okay, Mr. Minister. One particular producer, Burns Stephen, indicated that in a period of three years, he had 1,995 pounds per acre the first year; last year it was 1,400 pounds; and this year it was 647 pounds. So you can see that because of conditions, production was cut by as much as 75 per cent. The same was the case with corn, as well, in some area. I think it was a 65 or 70 bushel average last year, and this year it was 20.

The province has invested a lot of money in peanuts. It may take some special system to get them over this hump.

Hon. Mr. Timbrell: The province has given special assistance.

Mr. G. I. Miller: I recognize you have, Mr. Minister.

Hon. Mr. Timbrell: We have a number of loans out there. I want to draw your attention, however, to the last part of the article in the November 10 Globe and Mail. This is a point of view from another of your constituents, Mr. Racz, who is also a grower. It says, "One grower who did not apply for crop insurance was Ernest Racz, who operates a small processing plant in the Simcoe area." It says, "In one field this year we got 2,300 pounds per acre. I think, if we do not get into this thing too big, we can survive." There is another point of view there.

Mr. G. I. Miller: Again, I think you have to recognize that frost acts differently. We had an average of 100 bushels per acre of corn, and 15 miles away they had an average of 20 bushels. These are two different areas in the peanut area, and when you hand pull it is so different to when you have it harvested in the bin. That is the point I would like to make, and I do not think you are really being fair with the farmers.

Hon. Mr. Timbrell: What Mr. Huff and I have said to them is that if they want a quality factor for next year and subsequent years, it can be done as it has been done for tobacco, but it is going to cost them more.

Mr. McKessock: Was the fellow who only got 600 pounds covered for insurance?

Hon. Mr. Timbrell: Which one are you talking about?

Mr. McKessock: The one you just read about here that said he only got 600 pounds this year.

Hon. Mr. Timbrell: Was he one of those who had insurance?

Mr. Huff: They all had insurance.

Mr. McKessock: Did he get covered then, because his poundage was down by about half this year.

Mr. G. I. Miller: He got \$179.20 per acre, and he felt he should have got another \$47.20. On 49 acres, that would make about a \$2,000 difference. That might have put him over the hump.

Hon. Mr. Timbrell: He can take that to arbitration. I think we have to operate the crop insurance program on a proper businesslike, actuarially-sound basis.

Mr. G. I. Miller: I am not arguing that point, but I do not think you have been fair to him.

Hon. Mr. Timbrell: All right. That is why the arbitration process is there. If we make judgement error, the arbitration is there as a check against that possibility.

Mr. G. I. Miller: The other thing I would like to discuss is the young farmer who was financially troubled and was not going to survive. I shall leave that until we meet again.

The Vice-Chairman: We meet tomorrow morning.

Interjection: Are we meeting at 10 a.m.?

The Vice-Chairman: Yes.

I must give my apologies to Mr. McGuigan. I think you actually were here, Mr. Miller, as was Mr. McKessock. You can work out your own problems.

Interjections.

The Vice-Chairman: All right. Remind me in the morning, would you?

The committee adjourned at 10:16 p.m.

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Ontario. LEGISLATIVE ASSEMBLY

No. R-41

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development

Estimates, Ministry of Agriculture and Food



Second Session, Thirty-Second Parliament

Wednesday, December 15, 1982

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, December 15, 1982

The committee met at 10:10 a.m. in room 228.

ESTIMATES, MINISTRY OF AGRICULTURE AND FOOD (continued)

On vote 1902, agricultural marketing and industry development program:

Mr. McGuigan: Mr. Chairman, I would like to speak on marketing. In spite of the fact that I share some of the same concerns as my colleagues on land use, I believe the immediate problem we are going to face next spring is not related to land, it is related to money.

I am sure there are going to be lots of farmers who either will not be able to plant their crops or lack of financing or will find it very difficult, and some of that land will be rented instead of owned by the owner, which brings about a lot of social upsets in every community and so on.

Before I go on talking about that, I would like on behalf of my colleague the member for Huron-Middlesex (Mr. Riddell) to ask if the Minister could possibly put on the record answers to some of the questions that he asked.

Hon. Mr. Timbrell: Isn't he coming?

Mr. McGuigan: No, he has to go to the justice committee.

Mr. McGuigan: There were two things he wanted some answers on. He wanted a report on ownership, which I think you promised him. Are you are prepared to do that now?

Hon. Mr. Timbrell: We can go on with your questions while I pull my material out here.

Mr. McGuigan: My concern is marketing. There are two or three things that worry me. One is the assault I see being made on our marketing board system in Ontario. It is coming from a number of directions.

Before I talk about that, I want to set the stage a little bit. You would find some agreement here with your own position. That is that the world market for foodstuffs has drastically changed within the last two years. We have grown accustomed over the decade of the 1970s to talk in terms of food shortages and in terms of running out of the capacity to feed our people. We talk about the Malthusian theory. Malthus was a Scottish economist back in the early 1800s

who said we would eventually run out of food.

Sometimes over the past 10 years it appeared that was going to happen. In the meantime, technology has caught up and social order has caught up too. For instance, India, which has always been the prime basket case for shortages of food, today is self-sufficient. At times it is even in a position to export food, whereas back in the late 1960s there was a crisis there. There were 60 ships plying from the United States to India, taking about two months for a round trip. They did that for a year to avert starvation in India. We became accustomed to thinking in those terms.

However, missionary efforts were put on by various organizations. They put people into India. They stayed there a length of time. They brought about changes in technology and in the whole infrastructure. They provided financing, marketing, better roads and so on. Some of those countries now are self-sufficient, which has drastically altered the world food market.

In the meantime, our US and Canadian production has responded to the demand that was current in the 1970s and we now find ourselves in surplus positions.

On the one hand, surpluses are bringing about lower market prices. One would think that if the economy worked the way the capitalist system was supposed to work, it would also bring about lower input costs so the farmer would be able to cope with it. I do not see that happening. The federal people are saying that for this coming year we are going to see a drop in input costs, something in the order of one per cent. We are going to see large drops in selling prices, so the farmer is getting into a worse and worse position.

Federal policy is part of the reason we are going to maintain the input costs, mainly related to petroleum costs. I think this government in general supports that move to try to Canadianize the industry. At least a couple of your moves, the Suncor move and the 20 per cent gas tax, more or less tie in with those federal moves. I do not think you can say it is a policy you do not, in general, support.

Nevertheless, that sets the stage for production in this coming year. I just want to mention how dependent we are in agriculture upon

petroleum costs. Just about everything we use in terms of inputs is based upon petroleum costs or coal costs in the form of energy. That used by farm equipment of course is the direct thing.

The others are fertilizer and pesticides, packaging; just about everything that goes into our industry has a petroleum base. We are going to have these costs maintained or reduced only slightly from their present level. We can probably expect our selling prices in world food markets to go down.

10:20 a.m.

Hon. Mr. Timbrell: And, of course, if the threatened trade war materializes between the United States and the European Economic Community, that can't help but have an impact on everything that Canada produces, never mind just Ontario.

Mr. McGuigan: In that particular vein, Canada is the most vulnerable country of all the world food exporters, because we export about 30 per cent of our commodities, as compared to a much smaller percentage in the United States and Britain. At the same time, we have less capacity to subsidize our exports compared with those countries. The European Economic Community is putting about \$8 billion into agricultural subsidies.

Hon. Mr. Timbrell: It is 75 per cent of the budget.

Mr. McGuigan: Yes. Our total exports from Canada are in the neighbourhood of \$10 billion to \$11 billion. We would almost have to send dollar for dollar's worth of product if we were going to—

Hon. Mr. Timbrell: Don't forget the EEC is made up of 450 million people. We are 24 million.

Mr. McGuigan: In that context, we are going to have tough sledding. We are going to have to use every tool we can in our arsenal to try to cushion the effect and get back to what I would say, as far as this century is concerned, is a normal situation. The normal situation in this century has been food surpluses. We have had the luxury of a reasonably balanced market for only the last 10 years, and people have become accustomed to accept that as normal. I would say we are going back to normal, if you look at this from an historical standpoint. The past 10 years or so were abnormal.

The whole task for everybody, both federally and provincially, is to try to work together and bring us down as easily as we can, in the most humane manner. There are going to be casual-

ties in this situation. I know we cannot save every person. We are going to have to do our best to try to do that. That is just a little word on the world and the Canadian situation, as I see it.

The other worrisome aspect is the change in attitudes in the United States since the Reagan administration came to power. The whole philosophy of supply-side economics, deregulation and so on—perhaps in world terms it is laudable, we do not know. The book hasn't really been written to say how successful that system is going to be. In any case, they are going toward deregulation, head-to-head competition.

They are threatening the EEC with the American supply of skim milk powder for one. There is a mountain near Kansas City, an old limestone quarry. They quarried out the inside of the mountain to take the limestone out of it. Every day, a trainload of skim milk powder goes to that mountain to be put into cold storage. They have turned these caves into cold storage. They are building up a mountain of skim milk powder, about \$3 billion worth. I think it is. They are threatening the EEC that they will put it on the world market. I cannot say I actually blame them, seeing what the EEC is doing.

In the United States they also have a very informal form of marketing board that they call the Marketing Order. It can do such things as declare a shipping holiday. For instance, in Florida over the Christmas holidays, they prevent the shipment of citrus products, orange, grapefruit and so on, for about 10 days. That has been a very useful marketing tool, because it allows all the shipments made prior to Christmas to clear the market, get out of the way, get the fire sales in the background, then they start shipping fresh produce again.

Hon. Mr. Timbrell: How does that work? I am not familiar with that. A shipping holiday?

Mr. McGuigan: They call it a shipping holiday.

Hon. Mr. Timbrell: How does that work?

Mr. McGuigan: They will say that from December 20—I am just reaching for a date—until maybe January 5 there will be no cars or trailers of certain commodities loaded down in Florida, because before that period they have shipped abnormal amounts because of the stocking up in view of the holidays, and that shipping holiday allows the market to clear out the retail outlets. That is some of the power they have. They have no power to set quotas, let's say.

Hon. Mr. Timbrell: Or prices.

Mr. McGuigan: Quotas or prices. They can

not say to a farmer, "You can produce only so much citrus or any other product."

Hon. Mr. Timbrell: So they are more akin to something like, something that would be analogous here—

Mr. McGuigan: A marketing board here, that could deal only in information or advertising.

Hon. Mr. Timbrell: Something like the pork board? Do they get into the orderly marketing and—

Mr. McGuigan: They have much less power than they have, but it would be more on that order.

Hon. Mr. Timbrell: I see.

Mr. McGuigan: When the Reagan administration came in, they said they were going to do review of the marketing board orders and they were going to restrict them from doing anything that was price enhancing. To some extent the shipping holiday is price enhancing.

One in particular that I know of because of my own business, and I am sure Phil would know, is that in the Great Lakes states on the southern side is the great pie cherry or Montmorency cherry producing area in Michigan, Pennsylvania and New York. If you put production of that particular commodity on a graph, it looks like the raw edge of a crosscut saw, because there is nothing that fluctuates quite as much in annual production as the sour cherry. You will have in Ontario here 10 or 11 million tons as a sort of normal crop, the next year you can have three million tons, you can go back to 12 million tons and you can go to four million tons, because it is very dependent on the weather.

In Canada, we have the federal government step in on these high years when there are 12 million tons. They will buy product through the stabilization organization and put it in storage, so that takes the pressure off in that year and then it gives you product to supply the market the next year when probably there is a shortage. It seems to have worked out that way.

Hon. Mr. Timbrell: I was just going to say, I am told that the sour cherries are one crop we very frequently have to pay out on under crop insurance. Is that not right? Probably the most frequent payout is for that.

Mr. McGuigan: Mind you, that is a separate problem from this one, but it does indicate the variable production. So in Canada we have the federal people actually stepping in and levelling out the supply of that product. It helps every-

body, because in the year when you have a short supply and the price goes way up, you price cherries out of the market. If you go into a restaurant and ask for cherry pie, they will not have it. They will have an apple pie, but the cherry pie is just going to be too expensive. The next year when you have a big supply, they will not have cherries on the menu either because they become accustomed to not having cherries on the menu. So everybody wins in that situation.

Hon. Mr. Timbrell: By levelling.

Mr. McGuigan: By levelling. So the Reagan administration said this year to the Federal Cherry Marketing Order, "You cannot do that, because it is price enhancing." So at the beginning of this cherry season, when the Tender Fruit Producers' Marketing Board set the price, I think it was at 24 cents, and then the order came from the states, "You cannot do this price levelling," the price dropped four cents. It just took the profits off that crop and did a disfavor to everybody concerned, the American cherry producers and the American consumers, because you are going to have this up-and-down price situation over the year.

10:30 a.m.

It was a very mild and benign form of price enhancing and yet they said, "We will not allow it." That is the kind of attack that we are getting on our marketing systems in the United States and it portends to me what we are going to face here in Ontario if that sort of philosophy continues.

I see attacks being made here on our marketing board system. It was a political thing that we could accept over the last 10 years. We all know we have our political tricks we use that are easy and convenient and perhaps do not do a great deal of harm. I have heard those in the past. When Mr. Newman was the minister, he engaged in it and milk was his particular specialty.

[Interruption.]

Mr. McGuigan: That is earth-shattering.

The Vice-Chairman: Are they dismantling the Legislature?

Mr. McGuigan: That is just to get your attention, Mr. Minister.

The Vice-Chairman: Between the ears.

Mr. McGuigan: He used that tactic and it did not do a great deal of harm in some of those situations.

I would like to point out that the last minister, and goodness knows he was not the most knowledgeable minister about agricultural mar-

keting or anything agricultural, but he did have that agricultural sense of unity with the farm community, and he held himself above that. I would like to suggest to you that you would certainly go down in the history of Ontario agriculture with a better record if you held yourself and your officials above that, because I am suggesting today we just cannot afford it.

I do not hold it against you at all in a personal way that you are not a farmer by profession. I want to compliment you on your grasp of the farming situation in your short time here. In my view, it is great to have somebody we can talk to who understands the marketing deal and has the grasp of finance and the picture that you seem to have up to the present moment as far as I can see.

Hon. Mr. Timbrell: I take it you are concerned—if I can zero in on it—about the question of the three poultry boards. The stands that the deputy minister, the assistant deputy minister, myself and others have taken there are not things we have developed in isolation. For some time there has been quite a bit of discussion going on involving representatives of the Ontario Chicken Producers' Marketing Board, the Turkey Producers' Marketing Board and our Egg Producers' Marketing Board.

I want to assure you that neither they nor we are attacking the principle of the boards. We support that as strongly as we ever did. What we are concerned about, what they are concerned about and what all this fuss is about is the question of over-base quota and the fact that while our producers in each of these three cases are the most efficient in the country, that is not being recognized in the allocation of over-base quota.

Recently there have been two very significant developments. First of all, national council ruled against the chicken agency's proposed procedures for pricing, and the federal minister—perhaps if the assistant deputy minister would like to come forward while we are going into this marketing area—wrote to me just last week agreeing to convene a signatories' meeting. I know that decision on his part was not taken until he had consulted with the national council, and they advised him—so I am informed—that he should agree to our request for a national signatories' meeting. But we are not attacking the principle of the boards at all.

Mr. McGuigan: I can appreciate that. It is your duty, I would say, to try to do the best job you can for Ontario producers, but I submit that when you make a threat that we are going to

withdraw from the system because we are not getting things our way, certainly in the light of the consumers and the people of Ontario—

Hon. Mr. Timbrell: We are not making that threat, because it seems to me you make that threat only once. As you know, British Columbia right now is in the process of withdrawing from the milk plan. Alberta has never been in the chicken plan, apparently. It seems to me that if it were to come to the point of threatening to withdraw on any or all of these three poultry agencies—and I was mistaken: it was the egg agency's pricing outlines that were turned down by national council—we would have to be absolutely certain that if certain things were not done, we did in fact have the support of our producers and were prepared to withdraw; but we are not making that threat.

Mr. McGuigan: I read your deputy minister's speech and it is not in his speech, but certainly it was recorded that he had made that threat. It is a common enough political thing to hand out your speech and say: "Here is my official speech. This is what I said." Then in the heat of the argument you say something else. It seems to me that has not been denied.

Hon. Mr. Timbrell: No. As a matter of fact I think, with respect, you are mixing two speeches: his recent speech to the annual meeting of the chicken board at Burlington. In that speech and in the question-and-answer session and so forth there was no reference to withdrawing. A year ago November there was a signatories' meeting on chicken, at which point it looked as though they were going to ram through some changes in the quota allocation that were entirely detrimental to the Ontario interests—and when I say "the Ontario interests" I mean the Ontario producers' interests—at which point there was some suggestion that if they were going to totally ignore Ontario's interests we would have to consider withdrawing. That was probably said at that time.

Mr. McGuigan: There was an editorial in a very recent issue of Canada Poultryman which certainly claimed that the deputy minister had made that statement.

Hon. Mr. Timbrell: I saw it. I think they were referring to that November 1981 national signatories' meeting, but I can tell you from having met with the representatives of the three poultry boards as recently as last Friday afternoon that they are very much in support of the position we are taking. In fact, they are glad to have the

upport of the government. They have felt the need of it for some time.

To be sure, some of them are getting a little kitchy because they all have their agency meetings and their quota discussions and the like, and we all have to be careful that we do not trip one another up. But we have had these two significant developments: the overruling of the egg agency and the decision, and also the fact that the federal minister has appointed a couple of people to go in and investigate the chicken agency and clean it up. I have looked at some of the things the federal minister has had to say and I almost feel like saying I did not realize that our involvement in these national plans included our giving away the right to cry foul—no pun intended—when the agency is not working in our interest.

0:40 a.m.

Mr. McGuigan: I have no quarrel there, but I do have an overall feeling of unease whenever I see statements that can be misinterpreted by the general public. You have to face the fact that we, as agricultural producers, are getting to be a smaller and smaller part of the overall population. Just two or three days ago there was an article in the Sun, which I could call a right-wing newspaper—

Hon. Mr. Timbrell: I think you could call it that without fear of contradiction.

Mr. McGuigan: I probably will not be sued for calling it that.

Hon. Mr. Timbrell: They may send you a thank-you note.

Mr. McGuigan: It had a full-page article about agricultural cartels and what they are doing to the consumer.

Hon. Mr. Timbrell: Was this the editorial on time?

Mr. McGuigan: No, it was just a couple of days ago. I am sorry I do not have it with me. It was a full page.

Hon. Mr. Timbrell: I must have missed that one. I saw the editorial on the weekend.

Mr. McGuigan: It had a picture of Whelan with his cowboy hat on.

Hon. Mr. Timbrell: Was that when he gave his speech in town on Canagrex?

Mr. McGuigan: No, it was assailing cartels in general and it included our agricultural marketing system.

Hon. Mr. Timbrell: I do not suppose it included publishing cartels.

Mr. McGuigan: No, they were not mentioned at all.

We have the Grocery Products Manufacturers Association and Alasdair McKichan constantly taking shots at it. I just see it as coming under more and more—

Hon. Mr. Timbrell: Ironically led by a former assistant deputy minister of the Department of Agriculture.

Mr. McGuigan: It just depends who is paying you, I guess.

My point is we cannot afford it because we are so vulnerable. When you look at the whole poultry situation—I don't produce poultry and I don't pretend to be an expert on it—but say we did carry through a threat to get out of poultry production. We say we are the most efficient—perhaps we are the most efficient here in Ontario; I am not prepared to argue that—but we are not as efficient in an overall way as the United States is. They have several advantages, mostly geographic.

Hon. Mr. Timbrell: And labour costs.

Mr. McGuigan: The United States is situated in the best part of the world in regard to the temperate zone. The northern border is the worst of their geography. It is the best of our geography. The Mississippi Valley is the greatest agricultural production area in the world. I remember reading several years ago—I cannot give you the source—that the Mississippi Valley far into the north degree could feed the world.

That is not far from being possible, if you think in terms of grain. For instance, today the world is producing grain enough for 7.7 billion people. We only feed 4.4 billion. Of course we feed our grains somewhat wastefully. A small percentage of it is lost directly in the marketing and milling process. In some of the best developed countries, it is lost in storage. We actually produce grain enough for 7.7 billion people. We only feed 4.4 billion, and some of them not too well.

If every inch of the Mississippi Valley was devoted to agriculture and soil erosion was cut down, and everything was fertilized to the very end, I see a time not far off when they could take an awfully good shot at feeding the world. Take corn, for instance. We think of ourselves as great corn producers. We are just about self-sufficient in corn production. For every bushel of corn we produce here in Ontario they produce 50 bushels. It is roughly 8.5 billion bushels,

with ours just over 200 million bushels. Barge traffic down the Mississippi River itself gives them a great advantage with us having to do most of our hauling by rail.

Take the climate; they do not have to house their livestock as we do. They have about the same minimum wage in the United States that we do but they do not enforce it. Go into states like Georgia and see what they are paying their people. They are not paying anywhere near minimum wages.

Mr. G. I. Miller: Were you aware that Stuttgart, Arkansas, is the rice capital of the world? As one enters that little town there is a sign, "Rice Capital of the World." It is near Little Rock. We just happened to drop by there one time. I was amazed at that fact.

Mr. McGuigan: I flew over it and saw the rice paddies but I did not see them on the ground. I have seen rice paddies in China.

However, that area of the world is a cheaper producer than we are and many of their inputs are cheaper because of the volume, the concentration and the Mississippi River for transportation. If we were to get into a fight about production with them, we would lose that one.

With our Canadian geography, we have our population centre here in Ontario and Quebec. Just look at that Mississippi Valley. They are going to aim at us. They are not going to aim at British Columbia, Alberta or Saskatchewan. They are going to aim at us because we are closest and we have the population.

Every time I hear people talking about what they do in Alberta, one asks, "How relevant is that to our situation?" They only have two river valleys out there. The rest is mountains that just lie over that country. One has to strain one's eyes to find a piece of level ground to grow anything on. They can pass laws to save every inch of the ground in Alberta and get public support because they do not have much ground.

Hon. Mr. Timbrell: It is like BC. Somebody mentioned BC as an example.

Mr. McGuigan: I am sorry. BC is what I was talking about.

Hon. Mr. Timbrell: Yes, they only have four per cent or five per cent arable land.

Mr. McGuigan: When they use those examples it does not mean much to us here in Ontario. I suggest that if we did carry out a threat—sometimes in politics one makes these threats and eventually one has to make good on them. That is how wars start between one

country and another. It starts in a small area, escalates and eventually one is in the trenches.

Hon. Mr. Timbrell: I am keenly aware of the example of Sarajevo, having taught history. I can only tell you that in all my years as minister, I have never made a threat for which I had not already calculated the consequences of carrying through.

Mr. McGuigan: Good.

Hon. Mr. Timbrell: I am certainly not threatening to withdraw from those agencies. But that should not be any comfort to anybody in any of those national agencies who thinks that, because we are not going to withdraw, they can therefore pull something over our eyes.

Mr. McGuigan: I do not want to give them any comfort either.

Hon. Mr. Timbrell: There are some things they are doing that are not in the interests of our producers. We are going to fight tooth and nail to get the best deal we can for our producers. I think you would agree with that.

Mr. McGuigan: I have this overall concern. I think I got that across to you.

I would like to mention again what I see as a sort of eventual threat to the marketing boards, and remind some of the younger people what it was like prior to the marketing board system. If you look at our producers, a great many of them, probably 80 per cent or 90 per cent of them, grew up and got their farming experience after marketing board legislation.

10:50 a.m.

It was in 1937 that our marketing board legislation came in. We have been years developing it to work reasonably well. While we do not have every last kink worked out, and that is what the ministry is working on, it is a great improvement when one thinks in terms of not having marketing boards.

Take processing tomatoes, for example. It was common for the processor to contract more tomato acreage than he could possibly put through his factory. He did this for obvious reasons. In the case of a crop failure or if a market developed that he had not counted on, the tomatoes were going to be there lined up at his factory and he would have all the tomatoes he wanted. When they had filled his warehouses, he would simply cut the growers off. It was the honest ones who did that.

The dishonest ones would come along to trucks or wagons waiting in line to deliver their tomatoes, and long before they got up to the

grading station someone would come along and take a look and say, "That isn't going to pass." Of course, panic would strike the producer that it was not going to pass. After he let that settle in on the fellow for a little while, he would tell him to pull out of the line and go around by the side gate and he would give him 50 per cent for the load.

That is the kind of example you can tell the public about. I have heard much worse things. That is the type of thing that went on in those days. I just shudder to think of doing anything publicly or privately with our system to cast it in a bad light with the public because, in my mind, the maintenance of this system depends on being fair with the public. You have to be fair with the public, and it has to appear fair with the public.

Hon. Mr. Timbrell: That has to be the key test. Just as we were discussing last night dealing with the question of the licensing of distributors of milk, you start from the question: "Is it in the public interest?" If it is counter to the public interest then obviously you have a problem. We certainly do not think the marketing boards, either the five supply management boards or the other boards—and there are quite a number of them—are contrary to the public interest. In fact they are very much in the public interest in maintaining domestic supply, quality, availability—all those factors.

Mr. McGuigan: If it is not in the public interest, the public eventually is going to turn our and throw the system out. I think there are areas within the marketing board system where the ministry needs to keep a close watch to see that it is not hurt from within. We do know that once people get into positions of power, the human thing is to try to protect that position and not always to think of the public interest.

I had a producer call me just last night. He is an egg producer who has less than 500 hens. In effect, he is outside the marketing board system. He takes his eggs to a grading station and, because it is a small lot, they pay him four cents a dozen less. That may be justified from an economic standpoint. Their claim is that they have to make out a lot of extra cheques because a number of them are small producers and that they spend more on bookkeeping. Also, the machine on which they grade the eggs takes 75 cases an hour—in fact, one machine takes 150 cases an hour—so a break in feeding that machine, for another little lot of only seven cases, does cause a little reduction in produc-

tion over the course of a day. It is an inconvenience for them.

Hon. Mr. Timbrell: He does not have any other opportunity to pool with any other similar sized—

Mr. McGuigan: The guy is doing that. He is pooling with another one so that every week they take in 400 dozen cases under one person's name and the next week they take in 400 dozen under the other person's name. So they make up the numbers that would qualify them for the extra four cents. But the receiver says, "I do not like doing that; it is confusing. One week I am dealing with A, the next week I am dealing with B and that is too confusing." He is saying, "Do it my way. Accept your four-cent discount or do not do it at all."

Hon. Mr. Timbrell: How much are your levies per dozen from the egg board?

Mr. McGuigan: Seven cents.

Hon. Mr. Timbrell: So they are not paying the seven cents.

Mr. McGuigan: Yes, they do pay the seven cents.

Hon. Mr. Timbrell: Why are they paying the seven cents?

Mr. McGuigan: If it goes through under the umbrella of the marketing board system they have to pay the levy, which is the seven cents. However, if that producer puts a sign out in front that says "Eggs for Sale," and people come and buy his eggs, he does not pay the four-cent discount nor does he pay the seven-cent levy. There is a certain amount of justice to it.

Hon. Mr. Timbrell: There is a large producer near St. Thomas whom Mr. McNeil and I were talking about the other day. He has a problem with the board right now, but apparently he markets all of his eggs right from the house. That is not uncommon.

Mr. McGuigan: When I talked to the egg people this morning the gentleman I talked to, Mr. Ferguson, said, "We are not in sympathy with the 500-bird producer." I can understand they are not in sympathy with them because they see a proliferation of these 500-bird producers who cause them some trouble.

Nevertheless, it is part of the act. They are there. It was put there to make the system fair to the small producer and to the public. It does allow more than one avenue of production. I think it is fair. It seems to me even though it might be an inconvenience to them, as a matter

of maintaining the system in the public interest, they should be playing the game a little fairer.

Hon. Mr. Timbrell: The board or the graders?

Mr. McGuigan: Both. The board says, "It is not our concern, it is really a matter between the 500-bird producers and the receiver. It is not under our control." That is their excuse. Perhaps they are correct.

Hon. Mr. Timbrell: They may have a point, especially if they are paying full levies.

Mr. McGuigan: It is a bit of a confused situation because the farmer is paying the seven cents. In his view, that makes it a board matter.

Hon. Mr. Timbrell: Why would he pay the full levies? I was just asking Mr. Doyle why that would be, why they would have to pay the full levies. Apparently it has to do with the assumption of responsibility by the board for the removal of surpluses and going through the egg grading stations. It is essentially part of that.

Mr. McGuigan: I do not say it is a clear-cut situation either way. Nevertheless, it is an annoyance and in the times we are in today with people struggling to find a way of making a living and staying on the farm, we are probably going to see more and more of it.

My point is that the ministry, if it wants to maintain the integrity of this system, will have to take a closer look and be a better referee. The luxury of sitting back and saying, "Here is the legislation. Do with it what you will. Make a success or a failure of it as you see fit. I do not think we have that luxury today in the changed marketing world.

11 a.m.

Hon. Mr. Timbrell: Apparently some of the egg grading stations will not accept a smaller lot. I wonder how one forces them to do that unless the egg board gets into a position similar to the milk board in directing all the production for processing.

Mr. McGuigan: I do not know the answer either. I see a number of areas within poultry marketing that are going to cause problems. They talk about meat birds, broilers. Again, I am not in that industry so I do not know all the ins and outs of it but, if you go back to hog marketing a number of years ago when the hog marketing board was new on the scene, they were accused of directing the hogs to their favourite customers, to purchasers who seemed to deal more favourably with them.

Everybody in business I guess has his favourite customers and then there are other custom-

ers they only revert to as a last resort. I have them in my business. If I can sell the product to my good customers and the other guy is not going to get any because he is a claimer, a kicker, a slow payer or whatever.

But in a publicly regulated system, one cannot play favourites. Years ago, the hog marketing board was accused of having its favourites. They corrected that by going to the electronic marketing system so, when there are a lot of hogs in the yards in Thames River, Chatham, Kitchener or wherever it is, it is available to any buyer. All he has to do is bid on it.

Hon. Mr. Timbrell: They are going to start a five-month trial in electronic marketing of cattle starting in February, I think it is.

Mr. McGuigan: In the broiler industry, we have all these deals where if I, as a producer, buy my feed from you, you agree to buy back my birds. Because of the jealousies within the system, if you as a receiver get more birds than you can sell in the fresh form and people seem to prefer—use your ministerial authority there.

Ms. Fish: The Minister of Agriculture and Food does not support tobacco farmers in this province.

Hon. Mr. Timbrell: I did not say a word. I was cutting my way through it.

Mr. McGuigan: Get your chairman to shape up.

The Vice-Chairman: Mr. McGuigan, might I just look at the clock and acknowledge the fact you have had the floor for better than three quarters of an hour.

Mr. McGuigan: Mr. Chairman, thank you for reminding me, but we have we spent about 80 per cent of our time on land use, and I submit land use is not going to be the problem next spring; marketing is going to be the problem.

The Vice-Chairman: I am just recognizing the fact that you have asked the minister to comment on some of the questions Mr. Riddell posed. I want to leave time for that.

Mr. McGuigan: If the minister would—

Hon. Mr. Timbrell: I might as well finish when we come back. No one else has indicated he wants to speak.

Interjection: Mr. Swart.

Mr. McGuigan: Do you have a supplementary?

Mr. Swart: Not on this one.

Mr. McGuigan: They seem to put these birds into storage rather than put them out for fresh use. I have a young fellow who started up in the

poultry killing business and retailing. He cannot get enough birds. I am convinced in my own mind that, in the global situation, the allocation made to the industry is probably sufficient. But I have this chap who says: "I cannot get these birds. They will not sell them to me." The reason, of course, is that he is not supplying feed, and the people who have the fresh birds that are surplus to their needs are freezing them instead of turning them over to someone else who could use them. I submit that we have to find some answers to those situations or we are going to discredit the system.

Hon. Mr. Timbrell: I think Mr. Doyle is very familiar with the background on this. Perhaps he could react a little bit to it.

Mr. Doyle: Mr. Chairman and members, as you know, if you are speaking to the issue of access to product, it is a very old issue in chickens, and there are a number of approaches to it, including the one you seem to be suggesting—I do not want to put words in your mouth on hogs—which would be an auction system for chicken.

Indeed, some people have proposed that to resolve two issues. One is the access "problem"; in some people's minds it is not a problem, and in other people's it is a problem. The second is pricing. Now, an auction in chicken, if that were to happen, would have to be done quite a bit differently from the auction in hogs. You could not have an auction when the animals are ready for market, because chicken is not just chicken: you have 10 different classifications, and you need some system of predetermining what quantities are going to go into the various categories. But it is conceivable that you could have an auction on contract facilities, say, three months ahead of time. There is no reason technically why that would not work.

This whole area has been contentious in the 5 years I have been around and I am sure a long time before that, and we have had many different committees, the most recent one being the McLaughlin committee, to try to resolve some of the differences. But, for example, the processors were not in favour of a price discovery system based on auctions, which was a bit of a surprise. The chicken board was not, and so they sawed off at sort of a compromise solution whereby the chicken board would set the price, and on that day the processors would be present. If they did not like it, they would signal that to the chicken board and subsequently there would be an appeal; and there have been quite a few appeals on that.

I guess all I want to say is that it is a very contentious area between both sides. If you are to look at the figures of access, the quantity of chickens absolutely locked up with processors by virtue of their being integrated is not very high; it is about 10 per cent. But of course, as you say, a lot of chicken is in effect contracted by virtue of feed contracts and pullet contracts. Whether you call that locked up entirely is another question. They are locked up for that particular bird cycle but that is all, and they make contract with somebody else the next time.

If you are suggesting that there are certain loyalties—and it has been suggested by one processor that there are certain producers who happen to like dealing with their co-operative or with a certain processor—there is no question. Those loyalties do exist. Some people claim that in a publicly regulated system it is inequitable to allow that to happen. That becomes quite a philosophic issue, and some farmers would say they really reserve the right to decide to whom they will sell their chickens. So there are no easy solutions.

Mr. McGuigan: I am not saying you can in one fell swoop solve all of the marketing problems. I am pointing out that there are marketing problems there and they tend to discredit the system. They need to be tackled, perhaps one at a time over a period of years, but I suggest that they must be solved if we are going to maintain the present system we have.

I would like to move on to another course of marketing, and that is the business of stabilization.

Mr. Swart: I wonder, Mr. Chairman, before I move on if I might—

The Vice-Chairman: Get into a supplementary?

Mr. Swart: No, not a supplementary. You are moving into another area, I think, are you?

Mr. McGuigan: I am still on marketing. I probably will not be too long.

11:10 a.m.

The Vice-Chairman: If it is under this vote.

Mr. Swart: I have about four important items to raise for discussion.

Mr. McGuigan: I will just put my cards on the table and make this as short as I can.

We get a little annoyed in carrying out our legitimate business as critics of the ministry when it seems that the answer now to all our marketing problems is federal stabilization. We have had a federal stabilization system in effect since 1975 on nine main commodities and on a

number of other commodities that can be brought in as the minister sees fit.

In my own business, which is largely growing fruit, although I grow cash crops and I have have grown livestock in the past, and I have marketed all those products, on occasion they bring in some of the fruit products, and that has been very helpful as a net underneath. I can cite an example from my own experience.

We have always said in the fruit industry that in North America we have in the neighbourhood of 25 per cent overplanting. There are that many more trees than we actually need fruit from. But because of the vagaries of the weather—western people will lose their crop one year and parts of the Great Lakes states will lose their crop another year—we always seem to come up with enough production for the demand at a profitable price level.

In 1976, I think it was, shortly after the program came in, the impossible happened: every fruit-growing area in North America had a full crop; so we were not just competing with other areas, we were also competing within fruits. Plums were competing with peaches, cherries with apples—the whole darned business—and prices were disastrous. That year, I collected on five crops. It just so happens I had the five crops that were stabilized. Otherwise, I do not see how I could have survived.

As a safety mechanism, it is a great system. It is especially great, it seems to me, in the crops where you do not know you are going to have it, because you build in a tendency for overproduction once you factor into your thinking: "I am always going to have this safety net below me. I do not have to think much about whether there is a demand for this particular crop I am growing. I have always got the government to come in behind me and pick up my losses."

You say you want to see a stabilization system that is a nonincentive type. If it is going to be at a high enough level, say 100 per cent of the past five-year average—in a time of rising costs it has to be on a five-year average—it seems to me you are building in incentives that guarantee prices will always be low.

Hon. Mr. Timbrell: I must say that is a danger that concerns me. I do not think I have ever said that stabilization is the only answer. There are any number of other things that producers can do to help themselves, such as the recent efforts of the Ontario Cattlemen's Association to promote beef; we certainly commend that. I think they have got a long way to go to come up to what the pork producers do for themselves.

That is totally separate and apart from anything the government does with the sow-weaner stabilization program.

Another one comes to mind. I remember meeting with three brothers from your riding about seven months ago and talking of the concerns about the price of corn. They were telling me what a disastrous year they had in 1981. The more we got into it, I started to find out that they had an opportunity to forward contract in the spring of 1981 for \$4.10, and they had decided that it was \$4.15 or nothing. As ended up, they averaged \$2.87 at the end of the year. Forward contracting, the futures market is something that many more are looking at each year, and of course the pork board is getting more and more into forward contracting.

I have never suggested that stabilization is the be-all and the end-all, but in terms of a rational, predictable program of government support for agricultural commodities, in my view it is a very significant and, if not the best, one of the best ways we can do that. I think that is what you are saying. But there are many other things that the producers can do and should be doing for themselves.

Mr. McGuigan: Now we are on the same wavelength, because that was my suggestion. We are going to need every tool we have in the marketing bag to survive these next few years. It includes stabilization, it includes marketing boards and on occasion it is going to include some ad hoc payments. I certainly agree with you that this business of a great variety of ad hoc systems across Canada only confuses and adds to the problem. If we start competing with the Treasury in Quebec or Manitoba or Alberta and fighting one another for a limited market, it sure does compound the situation.

I suggest again that we probably will not achieve that ideal situation. Again we think of the variety of agricultural production in each province in Canada. We just talked about British Columbia, with the forest industries and mining industries as a resource base and a very small agricultural situation. They can support that agricultural industry very handily.

Take Quebec, with the socialist government they have there and their disregard for the Treasury of the province; what they have done to that Treasury is they have lost their credibility and they have brought the province close to bankruptcy. They are going after their civil servants for rollbacks of up to 19.8 per cent.

Mr. Swart: Their policies are not necessarily

interlinked; witness the federal Liberal government.

Mr. McGuigan: I think they are interlinked. Take the prairie provinces, with their oil and their potash; they still have a relatively good agricultural market for the bread wheats, but the feed grain market is not so good. I do not suppose the western producers would claim markets are good, but in historical terms they are not in all that bad shape.

What I am suggesting is that when we hear you say: "The answer to our problems is stabilization. Come on side and help me get stabilization, and that is the end of all the problems" —

Hon. Mr. Timbrell: I do not think anybody —

Mr. McGuigan: It sounds that way.

Hon. Mr. Timbrell: I do not think anybody says that, even the people who are supporting the initiatives we have taken this year, like our federation and our cattlemen and pork producers, because they recognize there are many other things. A good example would be what the federation has done over the past seven months to help in the formation of a new corn association to take advantage of the advance payments legislation.

The fact is that the improved stabilization program will be a cornerstone. It is that significant, but it is not the building. There are many other things that have to be done.

12:20 a.m.

Mr. Swart: Perhaps I could put a supplementary on this stabilization matter.

Mr. McGuigan: Just before you do, I want to get in a personal thing. In 1971, I was president of the Kent County Federation of Agriculture, and corn was \$1.25 a bushel. I took the whole winter off to study corn marketing, and I devised a plan which I presented to the federation of agriculture, which adopted it as a proposed plan.

In 1972, the southern corn leaf blight came along. I guess you were not in the House when I mentioned that. It was a failure of the United States corn crop in 1972. The next year, corn was \$1 a bushel. That was the end of my corn plan. But we were surprised you found a lot of elements in my plan —

Hon. Mr. Timbrell: It may be. The documents are on my desk, as a matter of fact.

Mr. McGuigan: I took the whole winter off and studied corn marketing.

Mr. Swart: Could I have my supplementary now?

The Vice-Chairman: Yes, Mr. Swart.

Mr. Swart: It was one of the four issues I said I wanted to discuss. There is no question, and I think everyone in this room or anyone associated with agriculture would agree, that a federal income stabilization program is the best kind of stabilization program for the reasons you have given, reasons we all understand.

However, I have some concerns about two answers you have given in previous debates, if I heard your answers correctly, with regard to the amount of stabilization money that may be available in these times. I think I am correct in quoting you on the questions I have asked that, first, it probably would not cost the federal government any more money than it is costing now.

Hon. Mr. Timbrell: I think what I said was that it would cost little, if any, more.

Mr. Swart: When I asked you previously in the estimates how much we were putting into it, you said you did not expect it was going to cost the provincial government much more than it is putting into assistance for farmers now.

Hon. Mr. Timbrell: No. You asked me for our estimates last week, and I gave them to you. I said that our estimates are a range of \$30 million to \$60 million a year.

Mr. Swart: With the magnitude of the problem now, with the dramatic reduction in so many farm prices, if no more money or very little more money is going to be put into the income stabilization program by the federal government or by yourselves, how is it going to solve the farm problems? How is it going to give them the additional return on their crops so that it is going to go in any direction towards solving their problems?

The principle, as I have already said, is sound. I do not want to argue with you on that. I do not have any argument with you on the voluntary parts of it. Surely it is going to have to be a tremendous measure. I quoted some figures to you of the drop in —

Hon. Mr. Timbrell: Even under the existing program the payouts year to year will vary; they will be up and they will be down considerably. When we talk about the range of \$30 million to \$60 million, we are looking at the actual payout experience of the past five to 10 years and saying that this is our estimate of what the improved program would cost us. Obviously there are going to be years such as 1976, to which the

member for Kent-Elgin referred, when food prices were depressed right across the board.

There will be years because of whatever kind of cycle, whether it is weather or external competition, when the payouts will be higher than others. But we are talking on average. On average, this is our estimate, acknowledging that there will be years—

Mr. Swart: Like this year; if it were in force, it would have very little impact on resolving—

Hon. Mr. Timbrell: It would be a lot higher then. In other years, if you got a good balance of supply and demand, the payouts would be very low.

Mr. Swart: Are you proposing that the prices you would supplement up to these levels would be based on the previous three years, the previous five years, or are you going to bring in the element of the cost of production? We are aware that, in the past couple of years particularly, farmers' input costs have just skyrocketed. Whether you are talking about fertilizer, fuel or whatever, their input costs had been going along for years and then, all of a sudden, they have gone up like this.

Any income stabilization program that does not recognize those input costs is not going to save the farmer. I am not talking about the full input costs. I know that in one year the payout is going to be greater than in another year. But if this is going to be meaningful to the farm community, to save the farmers—that is what it is really coming down to, to save the farmers—there is going to have to be a program that is in practice a very substantial program and based to some extent on the costs of production.

Even the milk producers at present are having problems. Compared with many other sectors of society, their financial problems are minimal. They may not be minimal if they have gone deeply into debt with the high interest rates, but generally speaking, compared with the other sectors, they have a lot more security. The price they get for their product is based, to a very substantial extent, on their cost. I am asking you, are you proposing a much broader and more comprehensive plan than there is at present?

Hon. Mr. Timbrell: We have been very careful, to this point, not to push any particular way of doing it.

Mr. Swart: It bothers me, especially when you are not talking about any more money than you are at present.

Hon. Mr. Timbrell: You ignored what I just told you. Our estimate of the additional expenditures of the government of Ontario is somewhere in the range of \$30 million to \$60 million. If it was the high end of that range, that is—

Mr. Swart: I may have misunderstood you, take it you are talking about \$30 million to \$60 million additional, overall, for the payouts for subsidization, whether it is in the cow-calf program or whatever the case may be.

Hon. Mr. Timbrell: It is \$30 million to \$60 million more on stabilization than what we are spending now on stabilization.

Mr. McGuigan: When you say stabilization, is that ad hoc stabilization?

Hon. Mr. Timbrell: Yes. It is over and above what we are paying under the existing stabilization program. For the ad hoc things it can be higher in some years; last year, for example, \$57 million was put out just on beef alone. In other years, there has been nothing put out.

Mr. Swart: I was right in my interpretation. You are talking only of \$30 million to \$60 million additional to whatever you pay out, which is minimal under the income stabilization. Are you talking about all your support programs?

Hon. Mr. Timbrell: Just on stabilization. I am not talking about the farm tax rebate, tile drainage debenture or subsidies or any of those things.

Mr. Swart: Are you talking about the cow-calf program?

Hon. Mr. Timbrell: The cow-calf program was an ad hoc program.

Mr. Swart: But are you talking about that when you say \$30 million to \$60 million more than what you paid out including that, including the—

Hon. Mr. Timbrell: We do not have a cow-calf—

Mr. Swart: I know. But you did have.

Hon. Mr. Timbrell: No. We offered them a cow-calf stabilization program this year and they turned it down.

Mr. Riddell: You offered \$10 a cow. Why would they not?

Hon. Mr. Timbrell: But that is \$10 more than—

Mr. Riddell: You would blow that on a meal.

Mr. Swart: Did you not have a cow-calf program last year or the year before?

Hon. Mr. Timbrell: We had an ad hoc program.

Mr. Swart: Yes.

Hon. Mr. Timbrell: But that was not a stabilization program.

Mr. Swart: No. I am talking about the ad hoc program. You are excluding those when you say \$30 million to \$60 million more. What you are really saying is that you are putting in \$30 million to \$60 million in the program because your payout in stabilization was very small.

Hon. Mr. Timbrell: Every year. That is the point of the thing. There have been some ad hoc programs, but for a very small number of years. They are talking about an ongoing commitment. If you think \$30 million to \$60 million is not very much, I always think of the number of people who have to work a year to generate \$30 million to \$60 million worth of tax revenue. That is an awful lot of people.

Mr. Swart: But if you compared the reduction in the price of corn this year, for instance, on corn alone—

Hon. Mr. Timbrell: That is \$30 million to \$60 million—

Mr. Swart: That is not a very large sum, is it?
11:30 a.m.

Hon. Mr. Timbrell: The \$30 million to \$60 million is an average. There will be years, I am sure, where everything goes right, where the payouts will be minimal, if any. The next year, everything can go wrong and we will be up to more than \$100 million in that year. That is the way stabilization goes.

We are not talking about permanent subsidies of every commodity. In essence, we are talking about a stop-loss program for every commodity. When the swings are so wide on the negative side, as happened with the member for Kent-Elgin in 1976, one has the protection there to collect, as he did, on five commodities. He may never have collected before or since, but in that one year everything went wrong.

Mr. Swart: I understand that principle. Will you answer the other part of my question about our views on how this would be based?

Hon. Mr. Timbrell: It could be done in any number of ways. We are not going into the meeting saying there is only one way we will accept. I can tell you that the Canadian Cattleman's Association and the Canadian Pork Council have worked up several different models. We may well end up with an umbrella program that has different ways of providing this stop-loss

protection for commodity by commodity if we can ever get to the table. We have not yet had an indication from the federal minister of a date although several times in the last two or three weeks he publicly said he would see us before Christmas, but that window now appears to have been closed.

When one gets into any consideration of a constant production formula, one gets into some very thorny and in some cases unmanageable questions about what constitutes a constant production, whereas if one uses three years, five years or whatever is appropriate for averaging, whether one does it on price or whether one does it on margin between historic costs of production and price, it seems to me those kinds of systems are preferable where one is dealing with fact.

One knows what the cost of production was, what the prices were, what the average spread was and that sort of thing. But if one gets into what the cost of production is going to be this year, it could very well be a different mix from what you would think is appropriate for the cost of production this year.

Mr. Swart: I realize the difficulty. I am sure you must agree with me that if it is based solely, or even mostly, on what has taken place in the previous three or four years, it may have little relationship to the given year in which you are paying.

Hon. Mr. Timbrell: Excuse me? I am sorry.

Mr. Swart: I was just saying you must agree with me that if the level on which the payout is made is based on what has happened in the previous three, four or five years, it may bear little relationship to the year in which the payment is made.

If you can arrive at some cost of production—and I realize the validity of what you have said in that you must ensure it is not an incentive program, and we all recognize it is not going to pay out at the highest level, but to be meaningful it has to pay out at a level that is reasonable given the circumstances of that year, which are largely the costs of production.

I will conclude on that issue. I hope that any plan you propose will have as a major factor the cost of production; that whether or not that is in the spread between the cost of production and the sale price historically, it will be related to the cost of production.

Hon. Mr. Timbrell: Mr. McCabe, who is the director of economics and who is most familiar

with all the various models in use and being talked about throughout the country, could give you a quick thumbnail sketch of how the existing calculations are done and some of the permutations.

Mr. McCabe: Mr. Chairman, to go back to the cow-calf stabilization program we had in Ontario: that was based on cost of production. The federal program, as you know, is based on five-year average prices, plus an adjustment for changes in cash costs—not total costs, but cash costs. The Quebec program is based on target income for a full-time producer which has to be based on cost and prices.

All these programs have some advantages and some disadvantages. Basing a program solely on cost of production has the disadvantage that was raised here some time ago: You are not relating the production to the market for that product, in the sense that you could keep on producing a commodity that there is no demand for. Basing it entirely on market runs into the possible problem you mentioned; that is, it would not bear a relationship to the farmer's costs and, especially in times of inflation, could get eroded.

Most of these programs have a component of both in them. As the minister said, there are differences of opinions among the producers as well as among provinces, and these things have to be ironed out at a national level so that we can get an acceptable stabilization program for costs across Canada.

Mr. Swart: Thank you. I got in with a supplementary on a question by the member for Kent-Elgin. I do not know whether he is finished with this area.

Mr. McGuigan: Not quite. I just want to sum up by saying, and the minister has already touched on it, that every commodity is a different situation. If we had the time, I think I could take you through most of those commodities to refer to their position in Canada vis-à-vis the United States and the world. Every one of them is different.

I have people come to me who ask: "Why can't we have a marketing plan for muckets based on the milk marketing plan? It works for milk marketing." They do not know how the milk marketing plan works. They do not know how muckets work in comparison to the world market. You simply cannot make those comparisons. "Muckets" are a mythical thing.

Hon. Mr. Timbrell: Oh, good. I am not too

proud to admit that there is a lot I have to learn about agriculture.

The Vice-Chairman: Like whippetrees and widgets.

Mr. McGuigan: The main category is the mugwump bird.

Hon. Mr. Timbrell: Oh, no; there were mugwumps. That was a political organization at one time. It is a United States bird.

Mr. Swart: They are in the Tory cabinet.

Mr. McGuigan: To me, a mugwump is a bird that sits on a fence with his mug on one side and his wump on the other.

Mr. Riddell: That is a Tory.

Hon. Mr. Timbrell: It reminds me of the famous exchange in the House of Commons at Westminster during the First World War, between Lloyd George and some member of the opposition who was rather ambivalent on a particular issue. Lloyd George turned in his chair and said: "Mr. Speaker, the honourable member has sat on the fence so long the steel is embedded in his soul."

Mr. McGuigan: So we are going to require all sorts of policies. It is a mix of policies that is going to work.

I have other concerns, and one of them is about payments. It seems to me we are going to have more and more cases of people going bankrupt because of economic conditions and the lack of insurance in some areas. You have covered cattle now. Are there many other areas? I have expressed these concerns at other times.

Hon. Mr. Timbrell: I probably sent you a copy of a speech I gave to the grain and feed dealers last week. Last night I would have sent it to the United Co-operatives of Ontario, but I had to leave right after the estimates.

We are going to introduce amendments to the Grain Elevator Storage Act that will give protection to those growers. In essence, the key proviso in the bill will be that the grain is their grain until it is sold. That will afford a great deal of much-needed protection to those growers.

As you know, there have been cases in the past couple of years—I have not been involved with them in my time—where elevators have got into difficulty. There was one co-op, for instance, where, in the process of receivership, the grain has been caught up in it because of the way that the Bank Act is structured, and under existing provincial law those goods have been deemed to

be the property of the company in receivership and form part of the proceeds of that liquidation.

11:40 a.m.

Mr. McGuigan: Tilbury Co-op.

Hon. Mr. Timbrell: Yes, and the growers have been left right out in left field. This will correct that.

Mr. McGuigan: But it does not correct the problem where the receiver commits fraud.

Hon. Mr. Timbrell: No, that is right. There is also a section of the Bank Act that has to be changed as well, and I will be communicating to Mr. Whelan to request that he attempt to get Mr. Lalonde to agree to reopen that part to help in the protection now. I hope they are not going to fall back on their usual argument that the Bank Act is reviewed every 10 years and it has just been finished, so "call us in nine years."

Mr. McGuigan: I am not prepared to say at this moment whether my view agrees with yours or not, but I think it is a move in the right direction.

Hon. Mr. Timbrell: I know that the grain and feed dealers received it very well and they are the ones who are, of course, receiving the goods. When you deal with an association like that you are dealing with the reputable people in the industry. The ones that you want to get at usually are not members of the reputable trade groups like that.

Mr. McGuigan: That whole act was brought about by events that happened in my riding. I could give you the name of the man but it would not serve any purpose. It was a case of fraud; he stole the grain and used it for speculation on the commodity market. He lost the money. That is why the thing was brought in. It was fairly toothless. I am not sure whether you have really hored it up enough to make it effective or not. We will have to see.

Hon. Mr. Timbrell: I am not sure that we are going to be able to get it introduced before this session runs down, but certainly early in the next session. Hopefully, we could get it dealt with early in the next session.

Mr. McGuigan: If I could just pass on one final word, I want to compliment you on having taken a hold of the soil erosion program, but I want to leave a little bit of a warning because I know that in your ministry there is certainly a backlog of people who built their careers and pinions and the whole mechanism on soil drainage. They believe that drainage is the number one problem. I would submit that we

have a lot of soil in the older parts of the province where the structure of the soil is such that the water does not go through the soil.

Hon. Mr. Timbrell: There are a few people looking suitably contrite.

Mr. McGuigan: They should. The water does not go through the soil down to the drains because of the way we are farming today and the loss of structure—water hits the soil, scoots off to the nearest open ditch and both soil and water are gone. The greatest example is Rondeau Bay. It has been turned from one of the nicest recreation areas in the province for boating and for fishing into water that even the atheists can walk on. They have measured the soil going into—

Mr. G. I. Miller: Did you hear that? Repeat that line for the minister.

Hon. Mr. Timbrell: I am sorry, what was that line?

Mr. Riddell: He was not looking at you when he said that.

Hon. Mr. Timbrell: What did he say? I am sorry, I was trying to get this report.

Mr. McGuigan: It is of a consistency that even atheists can walk on it. They have measured runoff from the streams and they are three per cent solid. Runoffs during rainstorms going into Rondeau Bay, three per cent solids. That is more solid than there is in pig manure, to give you some basis of comparison. It may be a little easier to take than pig manure, but the percentage of solids in those waters going into Rondeau Bay is greater than the percentage of solids in pig manure.

Hon. Mr. Timbrell: To raise the level of the discussion, it is closer to the consistency of homogenized milk.

Mr. McGuigan: Thank you.

Mr. Swart: You should know by now, Mr. Minister, that they are both essential parts of the functions of a farm operation.

Mr. McGuigan: You are talking about pig manure, and it smells like money. Anyway, my caution is, don't let this be a window-dressing exercise.

Hon. Mr. Timbrell: No, I can assure you I would not want to open up an area unless we were serious about doing something about it. I sent this around to all the members—you may not have received yours yet—the report we commissioned by the pedology institute, which I released at the Christian Farmers Association meeting a week ago tonight. If you have not got

it, I will be glad to give you this and you can look it over.

Certainly we are trying with the resources available, both in people and dollars, to reorder the priorities in a way that we can give more attention to this. We have put Mr. Galen Driver, who is a senior person with considerable experience in the ministry, in charge of this, so I will leave this with you.

Mr. McGuigan: I just want to give you a couple of examples of why I raise that question.

Mr. Swart: On a point of order, Mr. Chairman: What time are we going to today?

The Vice-Chairman: We will be going until one o'clock.

Mr. McGuigan: I know I am taking a lot of time, but I did not bother any of the other ministers.

Mr. Riddell: On a point of order, Mr. Chairman: Is it our understanding that we end the estimates at one?

The Vice-Chairman: That's the impression I am under from the agreement reached by the House leaders.

Mr. Swart: Mr. Chairman, I do not understand that there was any agreement reached by the House leaders on it.

The Vice-Chairman: That's certainly the impression that was left with me.

Mr. Swart: I had a question from my House leader about our views, and I said, "I would like to continue the estimates until they are finished," and he said something to the effect that, "Well, it may be possible."

Mr. Riddell: Is there any reason why you cannot finish this morning?

Mr. Swart: There are a number of issues I want to raise, including the issues I would want to raise now. I think some of the rest of you will want to get in on the discussion.

Mr. McGuigan: I will quit now as long as it was clear that it ended at one. Could you end at one if I stopped now?

The Vice-Chairman: With respect, Mr. McGuigan, it is not a question of will he end at one. We are under direction through the clerk's office that we will end at one and we will carry both those votes.

Mr. McGuigan: Will we end today at one or will we end the estimates at one?

The Vice-Chairman: We will end the estimates at one, and we will carry both those votes by one o'clock.

Mr. Riddell: Under the agreement that I gave my questions answered.

Mr. McGuigan: I am finished, Mr. Chairman.

Mr. Swart: I know of no agreement, but would like to raise—and I don't object to the other members getting in on it—three priority issues. Do you want to answer?

Hon. Mr. Timbrell: No, let us hear your three and then maybe I can answer those and answer Mr. Riddell.

Mr. Swart: I would like to deal with them on at a time. Other members may want to get in on it a bit further, when some of them have been discussed.

I guess we in the opposition, especially a new critic, ask questions for three reasons. One is that maybe we want to learn about an issue; we don't think we know enough about it. Second, we want to get the views of the minister. And third, we may want to embarrass the minister about issues he should be embarrassed about. I am not sure whether these fit into those three categories or not, but the first one I want to ask is the matter of raising the minimum value of farm produce to be eligible for the farm tax credit to \$8,000.

I support the change to giving the exemption to farm land, although it is two years down the road, that change from 50 per cent to giving them total exemption on farm land. I think that is good; I am surprised the critic for the Liberal Party was not in favour of that.

Mr. Riddell: That was my own personal view. I was not speaking for the party.

Mr. Swart: I did not say you were.

Mr. Riddell: I just expressed my own views on that. But then again, I am a free-enterpriser. I want to get away from these goddamned socialistic policies.

11:50 a.m.

Mr. Swart: It is not up to me to defend the minister's policy, but I do not think there is anything more socialistic about exempting farm land than there is in giving a 50 per cent exemption to somebody who owns a \$250,000 house and who is not really a farmer and does not produce very much in the way of farming.

Hon. Mr. Timbrell: I do not think Mr. Riddell is arguing for that either. Why am I defending you?

Mr. Riddell: I got hell from my party. The thought I was going to cross the floor.

Mr. Swart: I can understand why.

Ms. Fish: We have a seat for you, Jack.

Mr. Swart: If there is one in the back row, about fourth from the centre, he may take it.

The minister is going about making these changes in a convoluted manner. Even you must admit it. I understand the political reasons for it. You take something away this year, a long time away from the next election, and then the year before the election you give back a nice bundle more. That is good politics. I understand why you are doing that. I guess my question is twofold. Why would you take away before you give, from a very practical point of view?

Hon. Mr. Timbrell: But we are spending more.

Mr. Swart: You are spending more, but let me ask you my follow-up question. I want to know how many fewer producers last year would have received the property tax credit if it had been at \$8,000 instead of \$5,000. You can say they are going to get more this year. You are going to spend more because taxes are up and inflation and all the rest of it, but that is not the issue and you know it.

I want to know how many fewer producers would have qualified last year if it had been \$8,000 instead of \$5,000, and I want to know the total amount of money, if you are going ahead with this political program you have. Overall it is a good program, but I detest the way you are doing it. I think the public should know the figures. I do not think that is unfair. Can you give me those figures?

Hon. Mr. Timbrell: I don't know off the top of my head. There is no question that, depending on where you put the level, as we said when we discussed this the last three times in estimates in committee of the whole, depending on where you fix the level, you either bring more in or you exclude some. The question is whether \$8,000 gross production in this day and age for a 50 per cent tax rebate under the existing program, including the residence, is a reasonable level. We think it is.

Mr. Swart: Maybe, but you are taking that much away from the farm community. I do not know whether it is \$100,000—that is why I asked the question—or whether it is \$2 million. I suspect—

Hon. Mr. Timbrell: Let me put it to you another way. Looking ahead to 1984, the year we will introduce the new program, which way is fairer to the farm community in leading up to the new program, easing into the new program—but in any way you want—leave it at \$5,000 and all of a sudden jump from \$5,000 to \$12,000 in

one year, or go from \$5,000 to \$8,000 and then go to \$12,000 for southern and western Ontario?

There are some people, I have to tell you, who would be happy to see me put off introducing the new program by a couple more years and maybe have a couple more steps leading up to it, but I was arguing to get the new program introduced sooner rather than later. This is what I opted for.

Mr. Swart: By any reasoning, I cannot see why you would take something away before you give something. If you are going to phase it in, you could have phased it in so that you would have given more this year and more in 1983 and then got to the final amount in 1984.

Hon. Mr. Timbrell: With respect, you would be making that argument no matter how we did it, unless we left it at the \$5,000 with the new program.

Mr. Swart: You would undercut me completely if you are going to give relatively more under the tax program this year, but you are not. You are taking it away, relatively. Next year you are taking it away.

Hon. Mr. Timbrell: No, what I am saying is you would be making that argument.

Mr. Swart: I am telling you I would not. I could not.

Hon. Mr. Timbrell: The only way you could not make that argument would be if we left it at \$5,000 in perpetuity, never touched it again. Somebody suggested in committee of the whole consideration last week, "Why didn't you go to \$6,000?" Even at \$6,000, you cut out some people.

Mr. Swart: But if this year you had gone to, I do not not know what figure but let us say you decided to raise it to \$8,000 or even \$10,000, and said, "We will put that money in the rest of the tax program so that instead of giving 50 per cent we will give 52 per cent return." Then you would have been treating it in a reasonable manner. But to take away and give nothing, I suggest, is not fair. It is politically motivated because likely we are a long way from an election. That is what I object to and what some of the farmers object to. I can understand that.

Hon. Mr. Timbrell: I understand what you are saying. All I am telling you is this is the best way we could devise to lead up to 1984 and the new program. Maybe you think \$12,000 is an unreasonable figure for gross production.

Mr. Swart: You have not convinced me that is the best way you could devise it.

Hon. Mr. Timbrell: You talk about what motivates you to ask questions and you have three possible motives. I also know, no matter what I answer, you are not going to like it because it does not fit your purposes.

Mr. Riddell: Mr. Minister, it is a little unreasonable inasmuch as my colleague the member for Grey (Mr. McKessock) tells me, for example, that there are all kinds of farmers in his part of the country who are operating 100 acres of land and carrying between 35 and 40 cows.

A farmer who has 40 cows on 100 acres of land up in that part of the country is not unusual. If those cows had 38 calves—and it is very difficult for any cow operator to get by with 100 per cent calf crop; it happens very seldom. I know because I was in it. I kept 50 cows myself at one time.

Take the farmer with 40 cows. If he ended up with 38 calves, at the price farmers are receiving for calves this year, for a lightweight calf he would be lucky if he got \$300. Let us say the 40 cows had 38 calves, multiply that by \$300 and here is a farmer who ends up with a gross income of \$11,400. He falls short of the \$12,000 mark. He is a bona fide farmer who is now not eligible for the property tax rebate.

Bob McKessock says there are all kinds of farmers in his county who are in that category.

Mr. G. I. Miller: I can add that in my area I know of farmers with 20 cows who would be in the very same position.

Hon. Mr. Timbrell: They may be in the same position at \$5,000 or \$6,000. The point is, no matter where you draw the line some are going to fall below it. I want to remind you that those who do not qualify would still continue to qualify to apply for property tax credits under the broader province-wide tax credit program—the one you apply for with your income tax return each year.

Mr. McGuigan: If you are 65.

Hon. Mr. Timbrell: No. That is for the seniors.

Mr. G. I. Miller: How do you mean?

Hon. Mr. Timbrell: You get half. It is the same as—

Mr. G. I. Miller: It is a tax deduction, you mean, on the taxes that you pay.

Hon. Mr. Timbrell: Some would certainly use it as a cost of business and they would use it there. Those who do not use that would use the other.

Mr. G. I. Miller: Mr. Minister, isn't another angle of that to promote cheap food for Ontario? You have to produce and produce in order to qualify for this? In retrospect, does that not have an effect in that direction?

Hon. Mr. Timbrell: You want to support the bona fide farmers. I have heard that expression used by all parties. Where it becomes thorny is in the definition of what is a bona fide farmer.

Unless you are going to have no income criterion at all, in which case you would then swallow up all kinds of hobby farmers and weekend farmers and that sort of thing, you have to set it at some level. I just have to tell you, when you talk about gross production levels of \$8,000 and \$12,000, I really do not think that is unreasonable.

Mr. Swart: Do you realize the double whammy this is giving to some of the farmers this year? Their prices are way down. Last year, they might have been over the \$8,000 mark. Some of these are the farmers the member for Huron-Middlesex talks about.

12 noon

I know of others, and I am sure the chairman does, in the Niagara Peninsula, fruit farmers who are getting along in years. They may not have reached 65 yet, but they have sold off parts of their land. They still have the farmhouse, an orchard, and are still farming. It will cut them out of this. They are still producing. They are still bona fide farmers.

Not only do they not have much production, but their prices are so much lower this year. If their prices are down 20 per cent, as they are on the average for farm products, it means that if they produced \$10,000 last year they may be down to \$8,000 this year and therefore they are going to lose that grant.

It is the principle of it, too, that you take away this year before you give anything. You could have put it in the formula this year, even though you may not have given the 100 per cent, but only 90 per cent if that was all you could afford. You could put it in the formula this year so the farmers were not penalized. You are penalizing some farmers this year and I am anxious to find out how many there are.

Hon. Mr. Timbrell: You asked how many would not have received last year and I will get that information before we rise at one o'clock. I do not have it on hand. Do you have a set? You said you had three.

Mr. McGuigan: Could I have a supplementary on that? I know you have a lot of factors to

try to balance between the part-time farmer and the full-time farmer. Is it any use to you to think of that tax rebate as a relief to the land?

Hon. Mr. Timbrell: One of the options is to rent the land to somebody else to form part of production that would meet this criteria. That is an option too.

Mr. McGuigan: It is not a very attractive option.

Hon. Mr. Timbrell: But it is an option for somebody who is semi-retired or very small, and maybe does not meet the present production level.

Mr. McGuigan: I think there is a component of this that should be regarded as a relief to the land, not altogether relief to the farmer or the tenant. You would have to preserve that land for the time when it is going to be needed and give some weight to the tax reduction as a relief to the land to help keep that land out of parking lots and golf courses.

Hon. Mr. Timbrell: That is very much part of the philosophy of the new program. Somebody with a smallholding that possibly or probably does not meet the current criteria could rent that, could combine it with somebody else's smallholding and in that way obtain the relief for the land so they will pay their fair share under the new program.

Mr. McGuigan: I am talking about seeing it at a fairly low level of production and still getting a component of it. I am taking up a lot of your time.

Mr. Swart: No, that is okay. I want to pursue the point a bit further.

The Vice-Chairman: The chairman is showing great constraint in staying out of this argument. Maybe we can move on to another subject.

Mr. Swart: Before we do, I would just like to pursue the question a little further. Would the minister not agree that if one were under the new program, which is the program of exempting or paying the taxes on farm land, the exemption is not nearly so important that you probably would be justified in keeping that cutoff point at a lower level?

Hon. Mr. Timbrell: Run that by me again.

Mr. Swart: I do not have to explain this totally. At the present time, if there is \$5,000 in production on the farm, your government is paying half of the taxes on the farm land and on the house. For most of those farms, the major

portion of that would go for the taxes on the house.

Under the new system, where you are paying it only on the land, if a farmer has \$7,000 or \$8,000 worth of production it will probably be a small amount he pays relative to the house even if he is paying that on the land. Relatively one would pay much less on that property than if he paid half the taxes on both the farm land and the house. The cutoff point under the new program is not as significant as it is under the old program.

Hon. Mr. Timbrell: Except I would remind you that the cost of paying it just on the land, at \$12,000 for southern Ontario and \$8,000 for eastern and northern Ontario, is \$85 million in 1984. It is a significantly more expensive program.

Mr. Swart: Maybe I did not make myself clear. I am talking about that group that hovers around the production of \$8,000, \$10,000 or \$12,000. I am speaking of the gentlemen farmers down our way where we have car dealers, doctors and so on hobby farming and producing perhaps \$10,000 worth of produce. That is not their main income. The house may be worth from \$100,000 to \$250,000—

Hon. Mr. Timbrell: But that is not typical. That is an example of why the program should be changed, but that is not the typical farm.

Mr. Swart: That is right, but I am talking about that class of farm where there is very small production and there is a house sitting there—

Hon. Mr. Timbrell: A very valuable house, yes.

Mr. Swart: Of the total tax levied on those properties, the house would constitute perhaps 75 per cent of the taxes and at the present time one would pay half the cost of that house. You may think I am using an extreme example when I say \$100,000 and perhaps I am, but generally speaking, on the very small farms that have low production, the taxes on the house itself are a much larger proportion of the total taxes paid by that farmer than by the farmer who has 300 acres of land.

Under the new system, because one would pay taxes only on the land anyhow, the variation in the amount he would have to pay out—whether the cutoff point is \$12,000, \$10,000 or \$8,000—would be much less than under the present system by raising those exemptions. Maybe I am not making myself clear.

Mr. McGuigan: You may be putting too much weight on these glaring examples and

hurting some of the people we do not want to hurt. That may be what you are doing.

Mr. Swart: What I am really saying is that he can afford to keep that exemption down if he instituted the program just on the land. He could afford to keep that cutoff point much lower than if you continued with the present system. Do I make myself clear?

Hon. Mr. Timbrell: I think so. I do not know what percentage of the 120,000 farm properties in the province would have that kind of house on them.

Mr. Swart: Even where they do not, if a farmer has 100 acres of marginal land and his production is not high, he does not even get up to the \$10,000 or \$12,000, whatever the cutoff point may be. Generally speaking on that kind of land which is assessed at about \$50 an acre, the house is the dominant tax creating—

Hon. Mr. Timbrell: You are alluding to a very important point in the argument. That is, even those who do not meet the present or the projected production criteria still benefit from the lower assessment that comes from the designation as agricultural land as opposed to other—

Mr. Swart: I do not think that really enters into this argument. We are talking about taxation on the farm land—whether it is fair to other properties or not. I am not getting into that other argument. But if we are trying to help out the farmer, if we are trying to say that generally speaking land does not create much in the way of municipal costs and, therefore, in recognizing this we are going to abolish the tax on the farm land, under the new system you are proposing and which I support—maybe not the way it is being implemented—that cutoff point becomes much less significant than it is under the present system.

12:10 p.m.

Hon. Mr. Timbrell: Does that train of thought not inevitably lead to what we originally looked at and decided not to pursue—namely the exemption of productive farm land? To say all lands zoned agricultural will be exempted from municipal taxes and—

Mr. Swart: I did not mean to use the word "exempted."

Hon. Mr. Timbrell: I know, but I think that train of thought inevitably leads to that option rather than what we are doing. Of the two, a rebate program is more difficult to administer, particularly in terms of deciding at what level

one qualifies for rebate. An exemption program, where you simply say this class of land is hereby and forever after exempted from municipal taxation and the province will from this point forward pay grants in lieu to the municipality is a lot simpler to administer. It is perhaps even a lot simpler for a lot of people to understand and accept.

But there are some very strong and emotional arguments against that kind of system—I think you referred to them, Jack—by the land owners and by the municipal councillors.

Mr. Swart: I am not sure the exemption system cannot be worked out, but I am not critical that it is on the rebate system. I am not arguing with that.

I guess I am really asking you to take another look at this matter of the exemption, particularly under the new system. The amounts you are going to pay out are not nearly as significant, because you are going to get the exemption even if you really are not paying anything towards the house.

Hon. Mr. Timbrell: Maybe this will put it in perspective. You asked how many fewer properties would have been eligible in 1981 if the \$8,000 cutoff was used, and I am told it is in the neighbourhood of one per cent. The move from \$5,000 to \$8,000 would reduce the roll by one per cent.

Mr. Swart: It would be one per cent fewer farmers getting it; is that right?

Hon. Mr. Timbrell: Yes.

Mr. Swart: So we are talking then about 600 farmers? We have 60,000—

Hon. Mr. Timbrell: We are talking about some 70,000 farmers who qualify under the program, so there would be in the neighbourhood of 700 fewer spread across the province.

Mr. Swart: Do you have any idea what the amount would be?

Hon. Mr. Timbrell: I do not think it is large, relative to the total program.

Mr. Swart: You might want to use these arguments yourself in promoting the new system. Some of the houses on some of those properties are pretty extensive. I would like to know the figure.

Hon. Mr. Timbrell: I will guesstimate \$1.5 million. Does that sound reasonable?

Mr. McGuigan: If you are going to look this over, look at your examples. They are good economic arguments, but from a practical standpoint it just does not wash. There is no way the

hap on 30 acres could go to the bank and get a contract for seven acres of tomatoes. He is just not going to get it. They are not interested in a producer in that situation or a producer who will probably take a minimum—and I am guessing—30 acres, because today it is a mechanized operation.

You have to have your own delivery trucks, which are specialized. They need tank trucks and water. You just could not arrange any practical situation with seven acres of tomatoes in a 30-acre tract. They are just not going to give it to you. Of course, if you grow fresh fruits and vegetables and market them on the side of the road you might sell \$40,000 or \$50,000 worth off 30 acres.

The Vice-Chairman: Not tomatoes.

Mr. McGuigan: Fresh fruits and vegetables. If you had strawberries, you could sell—

Hon. Mr. Timbrell: But he would still have the option, and it may well be that at \$5,000 a day with 15 or 20 acres cannot meet that, so he has to look at either alternative crops that will generate better income—

Mr. McGuigan: Well, there is always a cutoff point.

Hon. Mr. Timbrell: —or look at renting the land to somebody who would pool it with what they have got to meet the criteria.

Mr. McGuigan: I am just saying your examples are not practical.

Hon. Mr. Timbrell: They may not be perfect.

Mr. Swart: I have one more question to the minister on this. I am not sure whether my math is accurate or not, but if it is and we are talking about 700 homes and \$1.5 million, we are talking in excess of \$2,000 being paid out per farm on these farms. Does this mean they have taxes of \$4,000?

Hon. Mr. Timbrell: Mr. McCabe is the one with all the numbers in his head. What would the average be per recipient?

Mr. McCabe: This year we spent around \$66 million on 120,000 properties, so about \$500 per farm; and if we take 700 farms, that would be—

Mr. Swart: I'm sorry. Did you say you paid out to 120,000 farmers?

Mr. McCabe: Farm properties, and some farms are composed of several properties.

Mr. Swart: Is that one per cent of the farm properties? So we are talking about 1,200, then, not 700?

Mr. McCabe: Properties but not farms. You see, farms can have several properties.

Mr. Swart: Okay. I want to keep them straight. We are talking about 1,200 farm properties.

Mr. McCabe: So let's talk about 700 farms, approximately, and if you take \$500 that gives you \$350,000. But I think you may be talking about a little bit more than that.

Hon. Mr. Timbrell: So at \$1.5 million I was overstating it.

Mr. Swart: This is serious enough, it seems to me, that I would like to have the figures on that. You can work them from last year. I would like to know, out of those 1,200 farm properties that will not get it—if that is the number of all properties, or 700 farmers; and if out of that 120,000 we have to use the 1,200 figure, that one per cent—the total value on those 1,200 properties of the money that was paid in a tax rebate. You may want to use it for your arguments, because if you are running higher than the average on those, it means a lot of those will have a house of great value.

I do not want to put your staff to an unreasonable amount of work, but if it is possible to determine from the assessment rolls on those 1,200 what proportion of that assessment was farm assessment and what proportion was an assessment of the residences, we could find out—and I think you would want to know—what was paid on the farm land. If you find out you only paid out, let's say, \$50,000 on farm land, perhaps you will not want to exclude that.

Hon. Mr. Timbrell: I don't think we would have that kind of breakout available to us. But just to finish the point, I estimated \$1.5 million and I take it from what Mr. McCabe is saying that it is probably closer to \$500,000, not \$1.5 million, so it is that much—

Mr. Swart: But whatever, you would have the figures, and I want to get a commitment from you that we can have in writing the number of farms, number one—which you have stated here are farm properties, which would be 1,200—that would have been excluded last year with the \$8,000 instead of the \$5,000, and the amount of money involved, payout involved.

Mr. McKessock: Could I have a supplementary on this?

Mr. Swart: Can you get that for me and put it in writing? I think that is important.

Hon. Mr. Timbrell: We just gave it to you, but we will take a look at the figures we have given

you, and if there is anything amok with the figures we have given you, I will let you know.

Mr. Swart: Even the figures you have given me, I would like them confirmed in writing.

Mr. McGuigan: You might run a random sample, say, of 50.

Hon. Mr. Timbrell: I will send you an autographed copy of Hansard.

Mr. Swart: If it is a lot of work to determine what proportion was farm assessments and if you do not have that and it is not available, I am not going to ask you to proceed with it, but I would like to know the money and the numbers in writing.

Hon. Mr. Timbrell: Okay.

The Vice-Chairman: Mr. McKessock, a brief supplementary, considering the time. Mr. Swart has two other issues, and we hope to—

Mr. Riddell: I got my answers to one.

Mr. McKessock: Okay. I am concerned about what is happening to the small farmer, about the little emphasis that is put on him and how much emphasis has been put on the big farmer while the little farmer is kind of being let go by the wayside.

I think a lot of family farms are going to disappear with this attitude, and I think this is another program here—increasing the gross income under this farm tax rebate—that is doing just that: It is hurting the small farmer.

12:20 p.m.

I would like to take a couple of figures from your publication 20, Agricultural Statistics for Ontario, 1981, and start at the beginning and run up through Grey county. You will notice where most farms in Algoma are under the acreage category from 70 to 129 acres. In Bruce and Dufferin, you find the same thing—most farms are under the acreage from 70 to 129 acres. In Durham, it drops back to an even smaller acreage—the largest number being under the acreage of from 10 to 69 acres. In Essex, the largest number is 10 to 69 acres, which is 1,237 farms. Then in Glengarry the most is between the 70 and 129 acres. Then you come to Grey county, where there are 1,045 farms under 70 to 129 acres.

I do not know whether or not you will find the largest numbers of farms in each county are under that category, but starting at the first and running up through Grey county you certainly notice the largest number of farms are in those small acreage categories—70 to 129 acres. So I would predict there is going to be a lot more

than one per cent caught by raising the gross income to \$8,000.

I would hope the ministry would have another look at that and maybe think about leaving it where it is. Perhaps in the future our small farmers may come into play again. We find this year, especially, that a lot of the bigger farmers are getting into trouble. We have to keep the small farmer, the family farm. He has always been the backbone of our industry and will continue to be.

Mr. Swart: A lot of farmers are selling off—

The Vice-Chairman: Mr. Swart, do you want to pursue your second issue?

Mr. Swart: I will, except I thought maybe the minister wanted to make a comment on this.

Hon. Mr. Timbrell: I guess we should not nitpick on it, but if you go back to that publication and look at Algoma, the biggest number of farms—in fact it looks to be more than half the farms in the survey—are under \$5,000.

Mr. McKessock: I am looking at the size of the farm, where it says 70 to 129 acres.

Hon. Mr. Timbrell: With respect, our program is not geared to the size of the farm; it is geared to the production. If you look at the bottom of that page, for Algoma—it is table 97—it shows the gross value of agricultural products sold, 1980, under \$2,500, 191 farms; \$2,500 to \$4,999, 89 farms—there are 280 farms right there that do not qualify under the existing program.

And then \$5,000 to \$10,000, another 100; 46 in the next category, which is up to \$25,000 production, and then you get 23 in the \$25,000 to \$50,000 production, 26 in the \$50,000 to \$100,000, 15 are \$100,000 to \$250,000. So 210 are \$5,000 to \$250,000 production and 280 are under \$5,000.

Mr. McKessock: That points out what I have been saying. If you look at the—

Hon. Mr. Timbrell: What it means is, if you want to be consistent you should wipe out any production criteria at all. Maybe you would prefer that we went to an exemption system.

Mr. McKessock: You say you were using the dollar figure and I was using the acreage, but if you look under the \$1,720 figure—

Hon. Mr. Timbrell: I am using the dollar figure because the program is geared to the dollar figure, not the size of the farm.

Mr. McKessock: But I am saying the dollar figure corresponds with the acreage figure.

Hon. Mr. Timbrell: Not always.

Mr. McKessock: You have the most farms under the 70 to 129 acres and you also have the most farms under the \$5,000 to \$9,000.

Hon. Mr. Timbrell: If you go to my home county of Frontenac there are some farms that are awful darn big but they do not produce very much, so there is not always a correlation.

Mr. McKessock: I am just going by your book here and it bears that out.

Mr. Swart: Can I go on then? I will tell you that I wanted to ask about, because the others may want to get in on the two I had. There is another one, too, I would like to have a statement on. First, I wanted to get the minister's views on Canagrex, the national marketing board.

Second, I want to talk about the present problems under the national milk marketing board; I may not be using the right terminology on that. I also want to have a statement from you on the long-term credit program for young farmers.

Perhaps I can come back to the first one and make a couple of supplementary comments with regard to Canagrex. I do not know what is happening in the federal House with regard to it. I read is what is in the papers. However, it seems to me there is a lot of merit in one marketing body taking responsibility for marketing the farm products.

You have stated with some justification that you have increased sales across the world in various countries by your trade missions but solely, for the good of Canada, either the whole or part of it, this sort of thing under a national marketing board like Canagrex, if set up properly, could eliminate the overlapping and do a more effective job than the provinces trying to do it on their own across the world; whether it is Quebec or Ontario.

I would like to have your views on this Canagrex issue and I am sure the other members would too. In your opening statement you mentioned Canagrex, if I remember correctly, but you were absolutely neutral in the statement. I want to know what your views are.

Hon. Mr. Timbrell: Where was I neutral?

Mr. Swart: On the issue of Canagrex.

Hon. Mr. Timbrell: No, I have never been neutral. I am opposed to the provisions of the legislation that would give the government of

Canada the authority to buy and sell, and to assume an equity position in any part of the food trading chain. I do not think that is necessary.

Mr. Swart: You did not say that in your comments under—

Hon. Mr. Timbrell: I do not think I touched on Canagrex.

Mr. Swart: I was reading several of your statements.

Hon. Mr. Timbrell: I am on the public record. There was a CBC program done about a month ago. They came and interviewed me here at Queen's Park about two months ago.

Mr. Swart: Would you deal with the whole program?

Hon. Mr. Timbrell: I am pleased to see the federal government taking a stronger interest in agricultural exports. I think Canagrex or an agency like Canagrex can be very helpful in many markets, particularly in the markets that are dominated by socialist governments where the government has a sort of stranglehold on trade. In some of those countries, they only want to deal with other governments and an agency like Canagrex can be a facilitator, but I see no need—

Mr. Swart: Could you say communist governments perhaps?

Hon. Mr. Timbrell: No, I said socialist.

Mr. Swart: I know. Could you say communist, because you really do not mean the democratic socialist countries. You are not talking about western Europe.

Hon. Mr. Timbrell: Some of them call themselves that. That is sometimes a much-abused term, like Tory. Sometimes it is given the wrong connotation.

I do not see any need for the government of Canada to take unto itself the power to assume an equity position in any part of the food trading chain. To be sure, we could use more help in various markets from the federal government, a better co-ordinated effort, because my impression is the effort at the federal scene has been fragmented.

We have had the Department of Trade and Commerce, the Department of Agriculture and the Department of External Affairs involved. We have had the Canadian International Development Agency involved through another arm of External Affairs. It really has not been all that well co-ordinated. Hopefully, Canagrex or something like it would bring a focus to the federal effort and that is all to the good, just as we are

trying to make sure our effort is focused on behalf of Ontario, and just as Alberta, British Columbia and all the provinces are doing.

I think that legislation would go through the House of Commons in five minutes if the sections that give the federal government the authority to assume an equity position were removed.

Mr. Riddell: You are aware that the Ontario Federation of Agriculture is strongly in favour of Canagrex.

Hon. Mr. Timbrell: Yes. You can disagree with the OFA on certain things and I guess I can too.

12:30 p.m.

Mr. Swart: To pursue this further, are you prepared to at least co-operate with the section of Canagrex that deals with the providing of trade missions to promote the sale of Canadian farm produce across the world? Are you willing to co-operate to the extent of working within that umbrella on trade missions and all that sort of thing?

Hon. Mr. Timbrell: Let me give you an example. We have always said that. Whenever Canada takes part in the food show in Paris, France or in Cologne, Germany—it alternates each year between the two—we always work with the federal government. In France it is called the SIAL and in Germany it is called ANUGA. We always co-operate with them. Our displays of Ontario produce, the displays of Ontario companies, are part of the Canadian display. We do not try to strike an independent course. We are a part of Canada, and we have always worked with the feds. The more they can focus their efforts in Ottawa, the better it will be.

When I went to Brussels six months ago to meet with European Economic Community officials to talk about our trade opportunities, I made sure, with all the means I had, both social and formal, that representatives of the embassy—we have three embassies in Brussels, one to NATO, one to Belgium and one to the EEC—were there, people from the EEC mission, Mr. Diamond and Mr. Lavoie in particular. We have to work with them. It is pointless to try to strike an independent course from them.

Mr. Swart: I agree with you there has been very real fragmentation. I am no authority on this, but there has been fragmentation in the promotion and selling of our farm produce. I very much want to see Canagrex go ahead and correlate all the efforts here in Canada to sell

our farm produce abroad. I am not at all sure, but there may very well be some justification—I confess to being not too knowledgeable about it—in terms of certain commodities, certain products, there would be times when Canagrex would want to buy as well. However, this may be a federal matter. I just wanted to have your views on it. If nobody else has any further questions on that, I would like to move on.

Mr. Riddell: I am sure the farmers would agree with the minister inasmuch that they do not believe we should have a crown corporation holding equity in the market.

Interjection: That is a very dangerous road to start down.

Mr. Riddell: I do not think a lot of the farmers understand that. They understand Canagrex to be a body that is going to help drum up export markets, but I do not think they understand it is going to be taking over from free enterprise. Let us not forget that farmers are still, by and large, free-enterprise people.

Mr. Swart: But they have come to believe in marketing boards and a great many of the techniques of orderly marketing.

My third point is that I would like to have the minister make some comments relative to the national milk marketing—that is not the terminology, is it?

Hon. Mr. Timbrell: The Ontario Milk Marketing Board?

Mr. Swart: No.

Hon. Mr. Timbrell: The national dairy plan?

Mr. Swart: Yes, what is that?

Mr. Doyle: The national dairy plan covers industrial milk only.

Mr. Swart: Yes, right. It has been announced recently that there is going to be a cutback in the amount of milk that is going to be in the quotas. I heard the president of one of the federations of agriculture the other day say, "We never hear anything from Ontario's representative on that board fighting for the Ontario producers," where we should be able to maintain our share of it, perhaps in much the same context as you have been talking about poultry, and I want to hear an explanation of that.

Hon. Mr. Timbrell: Our representative is well known to the federation, to anybody who knows anything about it, and that is Mr. McKinnon, the chairman of the Ontario Milk Marketing Board from Bruce County.

Mr. Swart: Yes, they mentioned his name. I

did not say the federation of agriculture did not know his name.

Hon. Mr. Timbrell: They know it as well as mine.

Mr. Swart: But this person, at least, was not satisfied—and he was the president; he seemed to know whereof he spoke—that he had been putting up the necessary fight on behalf of the Ontario producers.

Hon. Mr. Timbrell: I can tell you that they did, in fact, put up quite a fight, and what they agreed on was a one per cent reduction in the market share quota and one per cent reduction in what they call the sleeve, whereas, for whatever reason, Quebec decided to take the full two per cent reduction in their MSQ.

I know that he certainly came to brief me on what they were thinking of a couple of weeks ago. In fact, he was good enough to come for an evening meeting, since I was not available any other time. Maybe there is a communication problem there. I think it is easily resolved that they meet from time to time.

Mr. McKessock: What was his purpose in briefing you? Did he want you to do something?

Hon. Mr. Timbrell: He wanted to be sure we could support their move to split the reduction, that it would not all come out of MSQ; that it could go half and half.

Mr. Swart: Is it not true, though, that in relation to our production, in relation to our growth in population, our reduction is unfair in relation to that of other provinces? That is the argument that is being put forward with some validity, it seemed to me, again as a person who does not profess to be fully knowledgeable about this.

Hon. Mr. Timbrell: Others at these tables today know Mr. McKinnon perhaps better than I do and longer, certainly, than I have known him, but I think he works very hard in the interests of our dairy farmers.

This reduction is across the country. I am told at there are provisions built in to the national dairy plan that protect places like the Maritimes to ensure a minimum size of industry to retain its viability. British Columbia has argued recently at the reductions are such that they will lose their viability, and that is why they say they are withdrawing from the national dairy plan, which will take effect the first of January.

It gets very complicated. Maybe Mr. Doyle can just take a minute to explain the difference between the sleeve and the quota and so forth and why it has been done the way it has. I would

take exception to any suggestion that Mr. McKinnon is not working very hard and fighting for the interests of Ontario dairy farmers.

Mr. Doyle: As the minister has said, Ken McKinnon represents both the province and the board on the supply management committee; and there must be a communication gap, because to suggest that Mr. McKinnon is not acting on behalf of Ontario producers is a strange thing to say.

We have had a high level of utilization of our quota. Unfortunately, the terminology gets a bit complex. There is a two and a half per cent sleeve at the top end of the quota for the province, and as policy of the province, of the ministry and of the milk board we have had a high level of utilization in there. That is good for the province, it is good for producers and it is good for our plants, so that they get all of the milk. You realize there are various classifications. Especially cheese people get all they want. Whenever you have a cut, it eats into the ones who are on these plant supply quotas, like cheddar cheese, and you will see that in the upcoming year.

12:40 p.m.

Some provinces, such as some of the western provinces, have not ever utilized their full quota; so they may choose to take this two per cent reduction all in the sleeve without actually reducing their production. As the minister has indicated, we are taking it half and half, and there will be a real reduction in Ontario; or if there is not, producers will be paying these whopping over-quota levies.

If you want to call that uneven application, okay, but we do not really regard that as uneven application. We have deliberately pursued high utilization, as has Quebec, for example. Quebec usually has been over the mark, into 100, 101, 102 per cent utilization. They have taken the risk that when the end of the dairy year is over and all the calculations are made, other provinces will have underutilized and that extent of underutilization subsequently will be divided up amongst the provinces that have overutilized.

You can use 101 per cent and still not pay a great chunk of levy or get back what you have prepaid. We have never gone that far. It is always a tricky calculation that the milk board and we make in about May as to how much we encourage producers to produce up to that top limit.

As the minister said, there are provisions for protecting the minimum-sized industry in the

Maritimes. If the suggestion was that we have not taken a vigorous enough position with respect to British Columbia, there would be a lot of staff people in the ministry who might agree with that. On the other hand, the attempt has been made to try to keep them in the plan, because a problem will be posed if somebody gets out, which is what position the federal government will take on it.

I am only speculating what the person may have said but, insofar as it being even application, it is even application. It is just that some people have the protection of a margin and others have not been utilizing all of their quota.

Mr. Swart: It is an even application in the system but it is not, in effect, an even application of the amount of reduction that actually will take place in production from province to province because we have been utilizing our sleeve?

Mr. Doyle: Yes. But it is not iniquitous that it is going to have that effect.

Mr. Swart: I am not sure whether there is not some good argument that because we have been utilizing that sleeve and we are going to have to cut back in production much more here than they are in certain other provinces—that is right, is it not? It will mean a cutback in production or, as you say—

Hon. Mr. Timbrell: That is because we have been using a very high percentage, 98 per cent, of our quota. Other provinces are down around 95 per cent.

Mr. Swart: I suppose you could argue that both ways, but it seems to me that our farmers are going to find themselves at a real disadvantage in being cut back. I gather from what you say that the Quebec farmers will be in the same position, where farmers in other provinces will not have to—

Hon. Mr. Timbrell: In Quebec they are taking it all off their quota. They are not taking any off their sleeve, is that right?

Mr. Swart: But now they may even have to cut back because of their lower production at present. Is that right or is that not right?

Hon. Mr. Timbrell: Who?

Mr. Swart: Where they have not been using the sleeve.

Mr. Doyle: Quebec will have to cut back. They have had a very high level of utilization.

Mr. Swart: Are you saying that there is going to be a two per cent cutback in production in all provinces except those that have the special

exemption, such as some of the maritime provinces?

Mr. Doyle: This is where the language becomes a jargon. It will not necessarily be a two per cent cutback in production. It will be a two per cent cutback in allocation. How that translates into production cutbacks is a function of your level of utilization.

Mr. Swart: I think I understand what you are saying. But does that not mean that either they make that two per cent cutback at the plant or they are going to have to pay in over-quota fees, which may not be the case in other provinces?

Mr. Doyle: That is correct, because they have been underutilizing it. But, as I say, I do not think that is iniquitous.

The Vice-Chairman: I am looking at the time, and I know the minister is anxious to respond to a couple of points raised by the member for Huron-Middlesex, particularly in reference to land use.

Hon. Mr. Timbrell: I want to give the members of the committee the copies of the report. This covers the period up to September 30—

Mr. Swart: I am sorry; which report is that?

Hon. Mr. Timbrell: On the registration of nonresident agricultural land interests. The report is broken down by counties, it is broken down—let me just pass these out and I will walk you through it.

It starts out with a brief description of the act, the definitions of nonresident, of agricultural land and of what constitutes an interest, the types of entities, the process of form for registration and then the tables.

The first table gives the numbers of registrations received and the acreages involved up to the end of September 1982 and the periods in which the properties were acquired.

You will notice that before December 1, 1980, there were 694 properties involving 94,795 acres. Since December 1, 1980, over the past two years, there have been 389 properties involving 57,400 acres. Six properties involving 489 acres were terminated—that is, sold back to Canadian interests. The net figures are 1,077 properties and 151,706 acres.

That is broken down in table 2 by the type of interest—deed, lease, mortgage, shares, trust agreement—and the net figures of numbers of properties and acreage correspond.

In table 3 we get into interests by the type of entity, whether it is a foreign individual, a small corporation—those are defined—a major corporation, a landed immigrant, a Canadian indi-

idual or a partnership. Again the net figures correspond.

Then we get into table 4, which is the breakdown by county as between major corporations, small corporations, foreign individual, Canadian individual, landed immigrant; then it gives the total acreage by county.

Table 5 gets into the numbers of properties involved—not the acreage, but the number of properties—and again the same categories.

Table 6 indicates the country of origin—or country of registrant, as it is called in the report—which is all the way from Australia to West Germany, the numbers of properties, the numbers of individuals and entities and the acreage. You will see that the biggest proportion falls under Canada. That will be individuals acting as agents.

Table 7 is the nonresident interests by year of acquisition. It is interesting to see that it goes right back to the 5,000 acres acquired in the 1930s and up to the 1980s. The activity certainly accelerated in 1981. The year 1982 shows a marked reduction to the end of September. I do not know whether there were any registrations since the end of September. Were there very many?

Mr. Dunn: Not too many.

Mr. Riddell: Do you have a breakdown by township?

Hon. Mr. Timbrell: I can get you the breakdown by township, indicating the number of properties and the acreage, if that would meet your requirements. We do not have those figures, because in many cases they are landed immigrants. Certainly we can get you the number of properties.

I am told you were referring to a specific township. Which one was it?

Mr. Riddell: I referred to three: Morris township, Bruce township and Ashfield township.

Hon. Mr. Timbrell: I think it was Morris township where you thought there was something in the order of 40 per cent. The figures we have indicate four per cent in that township. I can get you the figures for those townships, the numbers of properties and the acreages involved.

Mr. Riddell: I guess what you are telling me is that we could not gain access to your files to do some cross-checking with the figures we have.

Hon. Mr. Timbrell: We do not release people's names any more than is done in the census, where people's names are not released under individual categories. The figures certainly are there. Maybe it relates back to the way the

legislation is written. This is the way it has been reported by county. It is on the computer, and I can get you that information.

Mr. Riddell: I just have two more questions on this.

Would there be any way of finding out where the money is coming from that is being used by Tikal and Associates? I wonder whether there is any way of finding out where the money is coming from that is buying up all this land because I indicated this company is a large purchaser of farm land.

12:50 p.m.

Hon. Mr. Timbrell: From the discussions we have had on it, my impression is that there is no doubt the bulk of the money or the interests they represent are West German. Is that not correct? Are Tikal and Associates not West German?

Do we have any way to determine the source of the money? I do not think we do any more than, if one were doing a review of registrations of purchases by Canadians, one could say with any certainty where they got the money.

Mr. Riddell: We would appreciate receiving whatever information you can provide us with and not breaching any confidentiality.

My last question is, do you have any idea how much money we have lost through evasion of the land transfer tax since there seems to be active buying of our farm land by—

Hon. Mr. Timbrell: That is not evasion; it is avoidance. There is a difference. I think everybody acknowledges that what has been done to date is not breaking the law. It is in accord with the law but it is a loophole that will be closed with the amendment my colleague introduced.

Mr. Riddell: By the way, will we see that bill this session, do you know?

Hon. Mr. Timbrell: We introduced it on Friday.

Mr. Riddell: The bill has not been printed. Are we going to get it into the House, and will we have a chance to debate it and pass it this session?

Hon. Mr. Timbrell: My understanding is that the Minister of Revenue (Mr. Ashe) wanted to get it through this session. I guess that depends on what the House leaders work out. Is it not printed?

Mr. Riddell: No. I have been contacted by several lawyers on this now; so I checked to see whether I could get a copy of the bill. The bill has not been printed to this point, from the

information I have been given. All we have is a draft copy of the bill, but it is not a printed bill as such.

Hon. Mr. Timbrell: Did you get it from the Minister of Revenue?

Mr. Riddell: The draft copy? I believe that is where my researcher got it.

Hon. Mr. Timbrell: If they gave it you, I am sure it is the same as what he introduced in the House last Friday.

Mr. Riddell: We feel a breakdown by township is far more meaningful, because we know this purchasing is being concentrated in a few areas throughout Ontario.

Hon. Mr. Timbrell: You are interested in those three townships. I can start with that and get you those figures. In the next couple of days I will get you those figures off the computer for those three townships, the number of properties and the acreage.

Mr. Swart: I have a question I want to ask so that I understand the document we have before us with regard to this matter of corporations. Under the two categories of small corporation and major corporation, there is a definition. I looked at it quickly. Do we know for sure on either of these whether it is in fact foreign-owned or where the money comes from?

I see that of the acres registered, about 55 per cent come under small corporations and major corporations. Does that mean they have registered as foreign corporations?

Hon. Mr. Timbrell: I am told that essentially the difference is that a small corporation would be an Ontario incorporated company and a major one would be a federally incorporated company.

Mr. Swart: I see that basically in the explanation. We know those are foreign-owned companies; that is what we are dealing with here. Does that mean the money comes from out of the country and the foreign company is registered here?

Hon. Mr. Timbrell: It is foreign-owned or foreign-financed. It is a Canadian company if it is registered under the Corporations Act of Ontario and whatever the corresponding name of the federal act is. They, in turn, register the properties.

Let me put it this way: I guess you would not know, unless and until they registered the property, that they were financed from offshore. That then becomes a Foreign Investment Review Agency matter. There are all kinds of

other things that are extraneous to this, but the registrations to date would indicate there are a number of properties and acreage by Ontario incorporated or federally incorporated corporations.

Mr. Swart: Foreign-owned?

Hon. Mr. Timbrell: Yes.

Mr. Riddell: But you will admit that these statistics do not include those farms that have been purchased from a farmer who set up a numbered company?

Hon. Mr. Timbrell: No, no. In your press release, Jack, you listed 31 properties and 30 of them are registered, notwithstanding the fact that they were avoiding the land transfer tax by using that loophole.

Mr. McKessock: What were they, under a small corporation or a large corporation?

Hon. Mr. Timbrell: One of those probably.

Mr. Riddell: Do you not think there are foreign-owned farms that are not registered?

Hon. Mr. Timbrell: There may be. That is why we are going to step up our surveillance and enforcement of this. But of the 31 properties you listed in your release, 30 are already registered and we will be going after the other one.

Mr. Swart: I had another question with regard to this. I understand the definition that is in here relative to agricultural land, but is there any way of getting a better handle on agricultural land? If it is just zoned or assessed as agricultural land, that does not always mean a great deal.

I notice, for instance, that there are 16,000 acres in the Rainy River district. I am not familiar enough with that district to know whether that is producing agricultural land, but do we have any classification on these agricultural lands so that we know?

Hon. Mr. Timbrell: A large proportion of that land in Rainy River is owned by a company called Wells Land and Cattle Co. and is used to run cattle. They are apparently a very large company operating in northwestern Ontario, Saskatchewan and parts of the United States. They have been divesting themselves of their land in Saskatchewan.

Mr. Swart: Do you have in your records the classification of the land?

Hon. Mr. Timbrell: The soil categorization is not included. That is not part of the registration.

Mr. Swart: By looking at a county, you can get some idea whether it is an agricultural county. I could anticipate that some of this

would be zoned agricultural. There may be some corporation that buys that for a hunting lodge and that sort of thing. I just wonder whether there is any way of getting a handle on the kind of land that is being bought.

Hon. Mr. Timbrell: I think when you start to look at it county by county, district by district or region by region, you can look at Rainy River. I am told a number of those properties are vacation hunting properties that have been owned by certain individuals and families for years and years, at International Falls or in that general area of the United States.

Large parts of the acreage shown for Lambton County, for instance, are oil and gas leases. Because they have executed a lease on the land, they may have had it for 20 or 30 years or longer. It is still foreign-owned.

Mr. Swart: My main concern, particularly if the land is being used for aggregate extraction for urban development, is how good is that land and whether it is being bought by foreign owners. I am still concerned about that, and I would like to get a handle on the quality of the land that is being bought by foreign owners.

Hon. Mr. Timbrell: If it is being used for urban development, it would not likely be assessed or zoned as agricultural if it is actually being used for urban development.

Mr. Swart: There is a tremendous amount of agricultural land that has been bought around the St. Catharines area. In Thorold township alone, there have been 4,000 acres bought by speculators and some of it by foreign money too. They mostly turned it back.

Hon. Mr. Timbrell: I do know what the total acreage in the whole of the region of Niagara is, the total acreage registered is 1,399 acres.

p.m.

Mr. Riddell: Just one last question: When you send me a breakdown by township, starting with the three I named, would you also send me the number of acres of land that Tikal and Associates has purchased and has in its control, if you have some idea of that?

Hon. Mr. Timbrell: Let me see (a) whether we have it and (b) whether we will break a confidence in doing that.

Mr. Riddell: It is my understanding that not only has the company purchased a lot of land in Ontario but it has also purchased 23,000 acres in Manitoba. It would be very interesting to know how much land this company is actually purchasing throughout Canada. I think it is a

dangerous situation. We are going back to the old feudal days with a few landlords and the rest of us being peasant farmers.

Hon. Mr. Timbrell: It would appear, for whatever reason, that in 1982 the level of interest by foreign buyers has dropped dramatically. We have the figures there.

Mr. Riddell: I would like to have that information, if you feel you can provide it.

Mr. G. I. Miller: Mr. Chairman, I had some tough questions I would like to have asked the Minister of Agriculture and Food this morning, but because of other questioning I was not able to get to them.

There is one thing I would like to leave with the minister, and that is a copy of Agriculture: A Major Industry in Haldimand-Norfolk, put out by the federation of agriculture for Norfolk and Haldimand. The information was compiled by Fanshawe College and the Norfolk school of agriculture in Simcoe.

Just for the minister's use, it is pretty detailed about how important agriculture is to that area, particularly because the province is a major land holder in the region. I also note on the release here that the region now stands fifth as far as foreign ownership is concerned; so he might take that into consideration.

I do know a farmer, who is having some financial difficulty, from an old family. The two boys have been attending Ridgetown college. They have tried to come home and farm, but their father indicated to me only this week that the advice from Ridgetown was not to go into agriculture. That concerns me and it should concern the Minister of Agriculture and Food.

Hon. Mr. Timbrell: I do not think that would be general advice, but maybe advice for that individual.

Mr. G. I. Miller: That is the impression I got. I will probably be back to the minister with this particular problem.

The Vice-Chairman: Perhaps you could discuss that with the minister directly.

Members of the committee, we would like to proceed to carry vote 1902. Shall item 1 carry? Item 2? Item 3? Item 4?

Mr. Swart: Mr. Chairman, I want to vote against those. I want to continue on these for the rest of the time. You are not giving me the opportunity.

The Vice-Chairman: Mr. Swart, I do not have a substitution slip for you, and you are not listed as a member of this committee.

Mr. Swart: I believe there was a substitution slip put in for the—

The Vice-Chairman: Not to my knowledge; not to this committee.

Shall item 4, the supplementary carry?

Vote 1902 agreed to.

Mr. Swart: Mr. Chairman, I want to state my objection to the early termination of the estimates of the Ministry of Agriculture and Food. There are many important issues, not least of which was the young farmer credit program, a long-term credit program, that should have been discussed, especially when they were in the budget.

More particularly, I have had no information from my House leader that there was any agreement to terminate these estimates early. Because I have not had that, and I am sure I would have had it, I want to register my strong objection to the arbitrary manner in which these estimates are being terminated.

Mr. Riddell: Let me speak briefly to that, Mr. Chairman. It is my understanding that the

House leaders did come to some agreement, because there are those of us who do not want to sit around here eating turkey on Christmas and discussing the work of the House that should have been done two and a half months ago.

I remind you that it was the New Democratic Party that held up the democratic process in this Legislature for two and a half months. Now we find we have to cram everything into the last minute to complete the work this session. The NDP should be held responsible for the fact that we are trying to accomplish too much in a too short period of time.

The Vice-Chairman: Do not leave, Mr. Riddell. We have one more vote.

Vote 1903 agreed to.

The Vice-Chairman: This ends the estimates of the Ministry of Agriculture and Food. We thank the minister and his staff for their participation.

The committee adjourned at 1:06 p.m.

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No. R-42

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Thursday, December 16, 1982

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, December 16, 1982

The committee met at 8:10 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR

The Vice-Chairman: We are convened, ladies and gentlemen, to hear the estimates of the Ministry of Labour. The minister is here to present his opening statement, I believe.

There is one point I would like to discuss before we get into the minister's statement. Mr. Wrye has indicated that he cannot be present at the committee next Tuesday and has asked that we leave some time in tonight's schedule to hear his opening comments even if it means interrupting the minister's opening statement.

Hon. Mr. Ramsay: Mr. Wrye brought this to my attention today and he also checked it with Mr. Mackenzie. It certainly meets with my approval, and I believe it meets with Mr. Mackenzie's, too. I thought I would take the first 80 pages tonight and leave Mr. Wrye the balance of the time, if that would be satisfactory. I should cover that by 9:15 p.m.

Mr. Wrye: Mr. Chairman, I appreciate the agreement by the minister and by my friend in the third party. I really had no way of being here on Tuesday night, so I certainly appreciate the cooperation.

Hon. Mr. Ramsay: The only thing in return is that if I start coughing, you have to stop smoking.

The Vice-Chairman: Is that the consensus of the members of the committee? That being the case we will ask the minister to proceed.

Hon. Mr. Ramsay: Mr. Chairman, members of the committee, it is a privilege to present the Ministry of Labour's estimates for the first time. During the nine months since I was appointed to this portfolio I have become increasingly aware of the social and economic significance of this ministry's programs and activities, especially during these difficult times. In the House, because of the rather particular questions that are addressed to me, I rarely have the opportunity to elaborate on the broad strategic themes the ministry is pursuing, and therefore I welcome the opportunity in this opening statement to share with members my goals and objectives as Minister of Labour.

First of all I would like to introduce to the committee the senior staff who are here tonight. With me on my immediate left is the deputy minister, Tim Armstrong; next is the assistant deputy minister, program analysis and implementation, Nicholas Ignatieff; the assistant deputy minister, occupational health and safety division, Ann Robinson; the assistant deputy minister—oh, I am sorry, Mr. Pathe is not here; and the executive director for finance and administration division, Rita Burak.

I know from a review of previous estimates debates that a recurring question from opposition labour critics is whether the Minister of Labour is prepared to declare himself or herself unequivocally as the minister for labour. This seems to me to be a good starting point for talking about broad roles and objectives.

The statutes for which I am responsible as well as those programs that have no particular statutory base are all statutes and programs aimed at improving the condition of the working population of Ontario, approximately 4.5 million people and almost 38 per cent of the Canadian work force. By legislative definition, then, my mandate is self-evident.

But it does not end there, because particular ministers by their approach, style and points of emphasis can fulfil that mandate in different ways. For my part I fully subscribe to the principles underlying our major acts: the Labour Relations Act, the Employment Standards Act, the Occupational Health and Safety Act, the Human Rights Code and the Workmen's Compensation Act. Together they embody a set of principles and an interlocking web of rights and responsibilities that are designed to provide protection and achieve fairness, equity and reasonable security for workers.

It is my ultimate responsibility to see they are administered in a competent, even-handed manner and, more than that, to bring forward legislative revisions where I am persuaded that improvements can and should be made. The primary clients, therefore, are the workers of Ontario and their representatives, and I regard it as my function in cabinet to ensure that the aspirations of workers are fully and accurately communicated to my colleagues.

However, this does not mean I am simply a conduit for labour and you would not expect that. There are and will continue to be positions and proposals advanced by workers and organizations representing workers with which I will not agree. In such situations I will continue to attempt to be as open as possible, to hear all submissions, to evaluate and reflect upon them and to respond to proposals candidly within the limits of our system of responsible government with its traditions of cabinet solidarity.

Where I am persuaded of the merits of the proposals, or where I or my staff, on our own initiative, identify desirable changes, I can assure you I will continue to advance them with vigour and determination in cabinet.

There is another dimension to the question and that relates to the position of management on various matters. In effect, labour and management are enterprise partners and of course I have an obligation to listen to management as well as labour. Having done so, more often than not the task is to balance conflicting perspectives and to ask myself the question: is the particular proposal being advanced consistent with the general obligation of the ministry to enhance fairness, equity and security in the work place; and if so, can that objective be achieved without real jeopardy to the balanced growth of our economy upon which employment and worker prosperity and wellbeing depends?

In general terms, those are the principles I am attempting to apply in both administration and policy formulation. I would now like to turn to an issue of considerable current interest and that is the government's policy with respect to public sector compensation determination.

I have followed the committee proceedings on Bill 179 with great interest and I am aware of the very flattering desire on the part of opposition members to have my deputy and I appear before the committee to speak to a variety of issues relating directly or indirectly to the bill. While I would have been honoured to appear, that bill is sponsored and is being ably carried by my colleague the Treasurer (Mr. F. S. Miller) who is more than capable of expressing the government's collective position on all relevant issues.

Moreover it was apparent to me your curiosity about my position on the bill as it relates to collective bargaining would almost certainly arise in these proceedings so I welcome the opportunity in this opening statement of putting my position forward.

I know some of you quarrel with the fundamental economic diagnosis upon which the bill rests. This diagnosis is that the key problems we now face—high unemployment, continuing double-digit inflation, negative growth, high interest rates, decline in real earnings, continuing instability in our exchange rate, etc.—cannot be addressed effectively until the entrenched inflationary expectations in Canada are eradicated. I continue to believe this diagnosis, which now spans the political spectrum amongst western industrialized nations, is correct and that most Canadians agree with it.

No one pretends that bringing inflation under control is the end of the matter. Rather it is the beginning and the basis for launching and implementing growth strategies for the 1980s and beyond. However those who believe that governments can spend their way out of the recession by increasing their deficits are in a dwindling minority.

The Keynesian "demand management" approach, which had relevance and a measure of success before stagflation became the major problem, is no longer sufficient. At the appropriate point, demand may require stimulation but only after inflationary expectations, including interest rates, are firmly under control.

I know it has been asked in the committee dealing with Bill 179 and elsewhere: how does a public sector wage-administered price program attack the root problem of inflation? It seems to me there are several principal ways in which the program will have a positive impact.

First, although inflationary expectations seem to have diminished in product and commodity markets in the private sector, so-called administered prices have been relatively rigid and much more resistant to downward pressure. For example, in the year ended May 1982, the components of the consumer price index subject to government regulation increased by more than 14 per cent compared with 11 per cent for nonregulated prices. Therefore the administered price side of our program should be particularly helpful in the fight against inflation.

Second, the psychological effect of restraint on the public sector payroll should not be underestimated. In their dual role as the largest employers and as economic policymakers, governments can hardly preach restraint without practising it. From past experience, while it would be difficult to show any direct demonstration effect between public and private sector compensation behaviour, these are not normal times and the public sector is increas-

ngly expected by the general public to show leadership.

8:20 p.m.

Third, the hard facts are that government deficits of the present magnitude are adding to the difficulties of controlling inflation. To the extent that government deficits, federal, provincial and municipal, increase borrowing requirements in the domestic money markets, there will be upward pressure on interest rates.

Arguably one of the reasons for the recent rising of interest rates, other than the favourable impact of reductions in US rates, is the perception that government spending is coming under control through a variety of restraint programs. Similarly, investor confidence depends on an indeterminate but real extent upon the perception of government's ability to manage its affairs in a prudent way. Mounting deficits convey the negative signal that government management is out of control.

I want to make it clear that I am aware of what might be called the "equality of sacrifice" argument: why should public sector employees be asked to bear the brunt of the attack on inflation when others are not prepared to make their contribution? There are, as has been said in the past, differences in the public and private sectors which in the short run may justify differences in policy approaches.

The public sector is not subject to the competitive and disciplinary forces of the marketplace. As a result, not only do administered prices and public sector compensation practices tend to be rigid, but there also tends to be a greater job security in most segments of the public sector, certainly greater security than in those portions of the private sector that compete in international markets and in domestic markets subject to offshore competition.

However, I would not want to be taken as suggesting that public sector employees should be singled out for special sacrificial treatment indefinitely. The Premier (Mr. Davis) has repeatedly said that if corresponding private sector restraint is not forthcoming within a reasonable period of time the federal government should, in the interests of equity and fairness, institute a comprehensive national program. My hope and expectation is that this will not be necessary and that we may return to a growth environment with appropriate voluntary restraint mechanisms in place as soon as possible.

I would like to take a few moments to trace the evolution of the government's approach to inflation restraint.

Last January, the Premier met with labour leaders prior to the February first ministers' conference. He expressed his concern, shared by all in cabinet, about high levels of unemployment, persisting high rates of inflation, high interest rates and the lack of growth in our provincial and national economies. During that discussion the question of wage and price controls was mentioned and the Premier acknowledged that any system that was not universal and comprehensive would be perceived as inequitable. For that reason he would not be proposing public sector controls at the first ministers' conference in February.

During the course of that conference it became clear the federal government, the government with the obligation to establish national economic objectives and with the major macroeconomic, fiscal and monetary tools to pursue them, was of the view that a program of wage and price restraint was an essential precondition to economic recovery. Moreover, it was evident from the Prime Minister's closing statement that the imposition of public sector wage and administered price controls in respect of activities within federal legislative competence, was more than a remote option.

The Prime Minister's broad hint became a reality within four months with the announcement in the June budget of the federal public sector wage and price restraint program. In broad terms, the economic premise of that program is that the precondition to sustained recovery is the containment of inflation and that all of the other negative economic manifestations—interest rates, unemployment, the exchange rate of the Canadian dollar, the balance of trade and the climate of confidence upon which recovery depends—hinge on the control of inflation.

The Minister of Finance's budget statement contained an urgent plea to the private sector to exercise voluntary compensation and price restraint. To show the way, the minister announced the legislated six and five program applicable to the federal public sector, justifying it on the proposition that government, as the paymaster, has an obligation to set an example for the private sector.

During the months following the federal budget in June, as the recession deepened and as the numbers of unemployed mounted, the Ontario government gave anxious and virtually continuous attention to this critical issue. In my relatively short period as a cabinet minister I know of no problem that received greater, more

careful consideration, nor do I know of one that involved such complex and often conflicting considerations of an economic and social character.

In August the Premier again met with labour leaders to share his concerns with them. I was present at that meeting. By this time the federal government had charted its course. The government of British Columbia had a legislated public sector controls program, as did Newfoundland and Nova Scotia. The government of Quebec had perhaps gone the farthest. In its Bill 70 it stipulated that in 1983, 1982 wage rates for public servants would be rolled back by approximately 18 per cent because of the deteriorating state of the government's revenue position and the continuing decline of that province's economy.

In short, by late summer a clear federal-provincial consensus was emerging that restraint was essential, that governments as paymasters either directly or through transfer payments and as the controllers of administered prices had the duty to take the lead and join with the federal government in a national effort. At the same time it became clear that all governments should call upon the private sector to heed signals of the marketplace and to restrain their claims on the economy in terms of prices, profits and compensation.

Ontario's position in this national effort was pivotal. With eight million Canadians accounting for almost 40 per cent of the gross national product, could Ontario responsibly fail to act against the clear weight of all the adverse economic indicators? By the end of the summer the recovery that had been predicted by some had not materialized, nor was it, on the best forecasts, imminent. And so at the meeting of labour leaders in August the Premier indicated that a public sector controls initiative in Ontario was under active consideration.

On September 21 Bill 179 was introduced by the Treasurer. In many respects it is less harsh in its impact on public sector workers than the federal legislation. For one thing, it is of shorter duration. Second, it is more generous in its transitional arrangements. Existing contracts are allowed to proceed until expiry or their anniversary date, whichever first occurs, while federal collective agreements are terminated on the date of the first monetary payment under the agreement.

Bill 179 contains special entitlement beyond the mandated five per cent increase for lower-income workers. Unlike the federal statute we have legislated a system for monitoring and,

where appropriate, rolling back administered prices. While comparisons of this sort do not constitute distinctions in the central policy thrust they are relevant in relation to equity and show a sensitivity and responsiveness to at least some concerns of public sector unions and the Ontario members.

I would like to address directly one of the chief objections of some to Bill 179. It is argued that the bill violates the sanctity of free collective bargaining and, more particularly, the sanctity of contracts already concluded, some of which are in respect of future periods amended by the legislation. The following question has been put to me: how can I reconcile those consequences with the principles of collective bargaining endorsed in the preamble to the Labour Relations Act and less explicitly in the Crown Employees Collective Bargaining Act?

It should come as no surprise to anyone here that as an ardent supporter of the free enterprise system I am troubled by any interference with aspects of that system, of which collective bargaining is an integral part. However there are, in my view, few absolutes when it comes to economic policy in times of crisis.

Frankly, I find it a little ironic to hear members of the third party inveigh against interventionism. Are they really saying the vagaries of collective bargaining and other free-market mechanisms are always and necessarily to be preferred to some form of centrally directed incomes policy? I should be surprised if that was their position; but it may be, and perhaps they can clarify this point as the debate proceeds. Perhaps their real concerns have to do with the design of the program.

During the course of 1982 a number of countries have moved to limit the rise in wages in an attempt to bring inflation under control. The governments of Belgium, Denmark, Italy, Luxembourg and the Netherlands have taken action to suspend or otherwise modify existing wage indexation arrangements. Denmark and the Netherlands have also announced a wage freeze, joining a variety of other nations who have adopted this measure on a selective, public-sector-only basis or as part of a more comprehensive scheme.

This group includes France, Japan, New Zealand and Portugal. The governments in Australia and West Germany have recently proposed a wage freeze for their public sector employees while the United Kingdom has announced a 3.5 per cent wage increase target

for next year's negotiations covering government employees.

8:30 p.m.

In many cases, these examples of direct government action to control wage increases have been accompanied by a series of other economic policy initiatives of an anti-inflationary nature. While there is no doubt scope for argument on the most appropriate balance between the various measures taken, surely the critics are not alleging that all of these governments are wrong in identifying inflation as a major economic ill and in regarding the exercise of some control over wage increases as an essential element in any program aimed at corrective action.

Viewed from a longer-term perspective, I think it is fair to say that most major industrialized nations, at one time or another over the last decade, have found it necessary to institute some form of direct control over wages and/or prices. While the severity of the action taken has naturally been dependent on the economic conditions of the time, and program design has inevitably been influenced by political considerations, the decision to intervene in the wage determination process has not been motivated purely by ideology.

The fact is governments of both the left and the right have shown a willingness to directly influence, control or amend the results of the collective bargaining process in the wider economic interests of society as a whole where economic circumstances appear to render such intervention necessary.

At a recent meeting of labour leaders, it was suggested that Ontario, like Ottawa, was pursuing the gospel according to Milton Friedman. This is an odd observation in the context of controls. I do not believe Dr. Friedman would support a controls program of any sort. In fact, the case of the United States, it is not without significance that the Reagan administration avoids even mentioning controls, let alone implementing them.

On the other hand, President Mitterrand and controls of the harshest kind, a five-month freeze, to be essential in order to bring stability to France's economy last spring after a few short months of unsuccessfully attempting to reflate that country's economy and to spend its way out of France's recession. Premier Mitterrand, whose government is not generally regarded as hostile to labour, is in a somewhat similar position.

The International Labour Organization has

noted that some restriction on voluntary collective bargaining may prove necessary in certain circumstances. I quote from page 15 of ILO Principles, Standards and Procedures Concerning Freedom of Association. This document contains a digest of opinions and decisions of the ILO supervisory bodies in interpreting and applying the freedom of association conventions governing trade union rights.

"The ILO supervisory bodies have not ignored the serious problems that may arise in certain circumstances in the economic field, and they have accordingly stated that it would be difficult to lay down an absolute rule concerning voluntary collective bargaining because, under certain circumstances, governments might feel that the economic position of their countries called, at certain times, for stabilization measures during the application of which it would not be possible for wage rates to be fixed freely through the medium of collective bargaining. Nevertheless, any such restriction should be imposed" —

Mr. Mackenzie: Madam Chairman, I wonder if I could interrupt the minister's comments for just a second and ask a question. That is simply to get some kind of indication as to when the statement the minister is reading will be given to the opposition critics.

Hon. Mr. Ramsay: The pages I am reading tonight will be given to you tonight. Just finishing that quote, "without exceeding a reasonable period, and it should be accompanied by adequate safeguards to protect workers' living standards."

The government submits that its restraint program meets the ILO criteria. The present economic circumstances are exceptional, the restrictions on compensation permit wage improvements, and are not unnecessarily harsh and the program has a strictly limited term of application.

I do not cite these points for frivolous purposes or to obscure the important issues that face us but, rather, to illustrate something that is of fundamental importance to me; that is, that the role of an incomes policy, restricted or comprehensive, as part of a larger economic recovery strategy, deserves to be assessed pragmatically and unemotionally, unencumbered, so far as is possible, by reflex ideological responses.

I can understand the reasons some argue about the appropriate scope of legislative intervention: whether it should be broader or more restricted, whether the numerical limits chosen are appropriate, whether enough has been done

on the price side, whether the equity features are sufficiently sensitive, etc. I can understand that these are legitimate items for debate.

I have more difficulty understanding or accepting the proposition that by introducing an incomes policy, which for a finite period of time has a measurable effect on the public sector wage determination, the government can be accused of abandoning its long-term historical commitment to collective bargaining, the statutory basis for which was introduced in Ontario by a Conservative government more than 40 years ago.

This government is normally opposed to intervention and takes no particular comfort when aspects of our voluntary system are under considerable strain. Our philosophical preferences are for less, not more, control. We certainly would be very apprehensive about maintaining a legislative control program for a prolonged period of time, a reluctance that accounts for the short duration of this program. But I cannot help observing the irony, as it appears to me, in a social democratic party's opposition to controls.

The New Democratic Party has its able economists, as has the trade union movement, and I would pose this question to them: is it not a fact that the real earnings of Canadian workers advanced, relative to the consumer price index, during the controls period of 1975-1978, whereas in the post-controls period, 1978-1981, real earnings declined? If I am correct in that analysis, what does that tell us, if anything, about the efficacy and fairness of controls from the standpoint of labour?

I would argue that as we examine these difficult issues in a pragmatic way, free, as I have said, from any ideological impediments, surely what we want to do is to fashion economic policies that will enable us to move ahead at a time when normal policies and practices are not good enough.

I appreciate that under Bill 179 bargaining rights are abridged, but it is not true to say that the unions affected by the bill are rendered impotent or that they do not have a continuing role to play. Bargaining agents still have a very important function in contract administration.

Even more important, in my view, is the larger role of unions in pursuing efforts, with employers and governments, to see how critical problems like health and safety, quality of working life, productivity, approaches to manpower planning, including job creation and the training of skilled workers, approaches to indus-

trial strategies, etc., can be more adequately addressed.

The trade union movement has a reservoir of skills and talents to contribute to the discussion of these issues. I would argue that it would not be in their best interests, nor in the interests of the community, for unions to fail to participate in such discussions solely on the basis that there has been a temporary restriction on bargaining within the public sector.

One of the criticisms I have heard from trade unions concerning the 1975-1978 controls program was that it was intended to afford the opportunity to address some of the longer-term structural and policy questions that led to the controls but that no real effort was made to do so in the late 1970s.

This time, as we fight the inflation battle, I believe one of our major objectives should be to assist in bringing labour and management together with government to seriously address problems of the sort to which I have just alluded.

Messrs. McCallum and Barber in their recent work, *Controlling Inflation*, have observed, and have others, that the Canadian industrial relations system has not been conducive to the establishment of the sort of social partnership that has developed in some western European jurisdictions, with the result that we have been less successful than some of our European friends in tackling the problems of inflation and unemployment.

While I realize it is unrealistic to expect to be able to transplant systems that have developed in countries with different historical, cultural and social traditions, I believe we must make an effort to do more than we have in the past, in co-operative exploration of key economic issues in which we all have a stake and in which many of our interests coincide. That surely is the real challenge of the 1980s and beyond. The sooner we resolve to make that the principal agenda item, rather than the pros and cons of public sector restraints, the sooner we will arrive at enduring solutions.

8:40 p.m.

I will be referring later in my remarks to some of our efforts to promote particular labour management co-operation in the fields of industrial relations and quality of working life. However, labour-management co-operation is also a central principle of the government's approach to ensuring the health and safety of workers in the province. I now welcome the opportunity to speak on that subject at some length.

Health and safety in the work place is one of

the most important activities within the ministry and, indeed, within government. At least 75 per cent of the questions directed to me in the Legislature during question period relate to this topic.

The questions understandably are of a very particular nature and I do not, therefore, normally have an opportunity to deal with the larger, strategic issues that are so important in this area. Consequently, and regrettably, neither the members of the Legislature nor the public are, in my view, getting a clear, coherent and comprehensive picture of the government's policies and practices in this critical area of public administration.

As a prelude, I want to deal briefly with the historical background of the present arrangements.

A decade ago, the emphasis in this province, as in most other jurisdictions, was on safety rather than on health. The names of the statutes then in force—the Industrial Safety Act, Construction Safety Act—and the reference in the Workmen's Compensation Act to safety associations and to work place injuries all reflected the major policy preoccupation in those earlier days with work place safety, machine guarding, protective equipment and the like.

Over the past decade in particular, the shift in emphasis and concern from safety to health has been massive and dramatic. It is in part the result of what commentators refer to as the "self-indicting nature of technological development," particularly the growth in public awareness of the number of chemical substances and physical agents in the work place and of their effects. Hence, the shift of concern within government and beyond to measures and strategies to protect the health of our work force from potential impacts of toxic substances.

Ontario was in the forefront in Canada in adapting to this changed emphasis. Building on the wide-ranging recommendations of the Ham royal commission, all government activities in this area that related directly to the work place were consolidated in the Ministry of Labour. There were substantial transfers of complement and supporting resources from the Ministry of Health and the Ministry of Natural Resources.

These transferred resources, added to existing capabilities, constituted the new occupational health and safety division within the Ministry of Labour; in effect, a mini-ministry headed by an assistant deputy minister which now accounts for approximately one half of the

ministry's total resources in terms of both complement and funding.

In parallel, a totally new Occupational Health and Safety Act was enacted. This new act was much more than a consolidation of existing provisions in old statutes. A number of provisions were novel to health and safety administration in Ontario: the mandatory joint health and safety committees; the right to refuse to perform unsafe work; the right of worker representatives to accompany inspectors; worker access to a full range of health and safety information; and detailed new provisions for the development of toxic substance controlled programs, to name only some of the most important elements and to say nothing about the comprehensive set of new industrial, construction and mining regulations.

But underlying all the detailed provisions of the act and regulations was a fundamental notion, first enunciated by Dr. Ham and embraced by all three parties when legislation was enacted. I refer to the concept that a properly functioning health and safety system requires employees and their representatives to assume joint responsibility for overall performance of the system and, to this end, co-operatively to perform mutually reinforcing roles in making it work.

I must confess candidly that I am perplexed by those who appear now to question the wisdom of the joint responsibility system. It is surely the only way to proceed. The Occupational Health and Safety Act applies to approximately 3.5 million workers in Ontario, practically the entire labour force of the province. There are at least 167,000 working establishments in Ontario. If we were to increase our present field staff of approximately 300 twofold, fourfold or even tenfold, it clearly still would be a practical impossibility for government to do more than systematically monitor the performance of those with the bottom-line stake in the process, labour and management themselves.

It is precisely for that reason that the act creates an interlocking set of rights, duties and obligations on the part of workers, supervisors, unions and management, with the government having the overarching responsibility to see that these responsibilities are fulfilled.

The system under which government discharges its responsibilities by way of field inspections is well known to members. The field staffs of the industrial, construction and mining branches, supported, where appropriate, by physicians and hygienists from the occupational health

branch, perform cyclical inspections based on a number of criteria: the size and nature of the operation; the health and safety record as evidenced by workmen's compensation claims and previous orders and directions; the effectiveness of the joint health and safety committee and the like. Inspections are made in response to particular complaints, including incidents of refusal to work because of unsafe conditions.

The details of the system are set forth in the descriptive material supplied to members of the committee and can be elaborated on as we reach the appropriate vote and item in the debate. Nevertheless, I do want to point out that to increase the effectiveness of the inspectorate in enforcing the legislation and to provide better service to its client groups, the industrial health and safety branch has reviewed its operations over the past eight months. The branch has identified several ways in which it believes it can improve its program delivery and ensure that the inspectorate adopts consistent policies across the province regarding enforcement and compliance with the act and its regulations.

A few examples of how they are attempting to achieve this include:

Immediate responses to any queries from workers about refusals to work, regardless of whether or not all steps as outlined in section 23 of the act have been followed;

Setting time limits for compliances where infractions are found;

Stopping work if a hazard is identified that is of immediate danger to a worker;

Requiring an expected completion date and incorporating it into the orders as time limits where work takes considerable time to complete, as in the case of ventilation system changes—I might add that in these instances immediate precautionary measures, such as the wearing of respirators, are ordered where necessary;

Insisting all other orders be completed forthwith;

Improved inspection reports so that the hazard is identified in layman's language; and

Follow-up letters to be left with the person responsible for correcting the hazard at the work place in the presence of both parties rather than mailing these letters to the company at a later date.

These are just a few examples of the improvement plan, and I am sure the director of the industrial health and safety branch will be pleased to discuss other initiatives with the

committee if anyone has questions concerning this plan.

Incidentally, I would just add here that over the past six months I have asked for and received copies of any inspections or orders that have been issued that might prove to be contentious or serious issues; so I take a very personal and direct interest in all the problems found in the work place across this province.

The general concluding observation I want to make regarding inspection is that while the structure and administrative arrangements are in place and for the most part are operating well, no government monitoring or enforcement system can get the job done unless labour and management in concert shoulder their respective responsibilities. Until this happens a system will fail, regardless of the rigour and determination with which government's surveillance and remedial programs are pursued. This point is, I think, conceded by all objective commentators who have looked at the public administration problems in this critical area.

8:50 p.m.

Let me turn now to some particulars and to some of the critical themes that have emerged from questions in the Legislature since I assumed my present responsibilities last February.

The general criticism implicit in almost every question is that the ministry is either indifferent or incompetent, or both, in the face of clear evidence of statutory contraventions relating to worker health and safety. I reject that charge categorically. I know the senior officials in my ministry who bear the ultimate responsibility for the administration of the act, and I know many of those in the field. I know all of them to be hard-working, able professionals dedicated to their difficult tasks.

No one, at least in the ministry, makes any claim to infallibility. In any system there will be honest errors of judgement. Work pressures will mean on occasion that delays occur. With the wisdom of hindsight, it will sometimes appear that a different, more effective course of action should have been taken.

I understand fully that it is the proper role of the opposition to bring problems of this sort to my attention and to the attention of the public. I have no quarrel with that. Indeed, I welcome and encourage it, because where the criticisms are well founded, it leads to improvements. What bothers me, however, is the suggestion that the particular matters raised in the House typify the system and, further, that the system is

run by people who do not care about the workers.

Let me give the members a view of the real world where employers and workers do work together to prevent injuries and illness. For example, in the 1981-82 annual report of the Ministry of Labour, members will note that of the 68,800 establishments under the industrial health and safety branch, 51,800 or 74 per cent covering 44 per cent of the workers had no lost-time accidents.

On a more personal note, I have received unsolicited correspondence from Local 2251 of the United Steelworkers as well as from management at Algoma Steel endorsing the principle of joint responsibility underlying the Occupational Health and Safety Act. The present legislation has assisted both parties to improve their health and safety program. The ministry is aware of hundreds of companies where management and labour work in a co-operative spirit to prevent occupational accidents and illness.

Besides the household names in the safety movement, such as Dupont, Union Carbide, Stelco and Kidd Creek Mines, there are many other companies with superior records. For example, the occupational health and safety division advises me that the past relationships of the following companies have been notable:

Canadian Cannery, Windsor; Polysar Ltd., Sarnia; Firestone Steel, London; Ontario Hydro, Sault Ste. Marie; Slacan, Hamilton; Horton CBI Ltd., Port Erie; Carborundum Canada Inc., Niagara Falls; Kimberly-Clark of Canada, St. Catharines; General Refractories Co., Smithville; Jorr-Oliver Canada, Orillia; Colgate-Palmolive, Toronto; Standard Brands Ltd., Scarborough; Borg-Warner Chemicals, Cobourg; Bata Footwear, Picton; Duplate Canada Ltd., Hawkesbury; Abitibi-Price Inc., Thunder Bay; Great Lakes Paper, Thunder Bay.

I realize that referring to particular cases carries some risk. No situation is static, especially in the field of occupational health and safety. I appreciate that even in the best situations, problems can develop. The situations referred to above are examples where, in the judgement of the division, both parties have realized their obligations under the law and, more important, have been able to convert the internal responsibility system from an abstract notion into working reality.

I believe that there are countless other examples where labour and management are achieving positive results and that, in the vast majority

of work places, problems are resolved to the mutual satisfaction of both parties without the need for third-party intervention.

Before turning to my next point, I want to talk for a few minutes about the outstanding work the ministry, supported by the proceeds of the Provincial lottery, is doing in connection with manpower training and research in the health and safety field.

Since 1977-78, when the ministry was first allocated funds from the Provincial, the ministry has made available approximately \$10 million to award to individuals and organizations. About \$9.6 million of this has already been awarded for: applied research, \$2.2 million; training programs through universities and colleges, \$2.9 million; resource centres, \$2 million; training by the Ontario Federation of Labour and other unions, \$2.3 million; and student bursaries, more than \$300,000.

During last year's estimates debates, several questions were raised concerning occupational-related research in which the ministry was either directly involved or for which the ministry was providing financial support through the Provincial lottery. The committee was provided with a written status report on research studies undertaken by the ministry.

I want to highlight a few of the lottery-funded studies and mention briefly the research currently under way within the division.

More than \$400,000 has been awarded to the Ontario Research Foundation to conduct laboratory research to assess the results of diesel emission control measures. Two studies partially funded by lottery proceeds concern mortality of nickel workers in Ontario. Reports on both studies were issued this year, and further studies are planned. A silicosis study is being conducted by Dr. Muir of McMaster University. The ministry also has a number of in-house research studies under way, the most prominent of which is the Ontario miners' study, an examination of mortality among Ontario uranium miners.

As I suggested earlier, there is a great deal of important and productive work being done. Ultimately all of it will have positive consequences for the health and safety of working men and women in Ontario, the rest of Canada and beyond our national boundaries.

I want to turn to a second general issue concerning occupational health and safety that has been prominent during the past 10 months, the whole matter of our enforcement activities and philosophy.

When it comes to enforcement, the objective is voluntary self-compliance. This, of course, is an ideal that may well never be totally achieved. However, the first objective of the ministry is to impress upon the parties themselves that enduring progress and success depend upon the proper internal functioning of the joint health and safety committees or similar co-operative mechanisms.

Some of my friends opposite have said to me that this is a cop-out. I disagree in the most profound way. This is, in fact, the key to success. But it is not the only weapon in the arsenal. Where the internal responsibility system is not working, where orders and repeat orders are frequently ignored, sterner measures are called for and are, in fact, employed. These measures include orders, stop-work orders and prosecutions.

I have received repeated calls from some quarters to prosecute companies for, it would seem, each and every contravention of the Occupational Health and Safety Act and its regulations. Let me pause to consider some of the factors that the ministry considers in launching a prosecution. I should say at the outset that it simply is not possible to lay down any exhaustive, universally applicable rules upon which these determinations are made. No one set of facts is the same and each must be assessed on its own merits. In any quasi-criminal proceeding, the quality of the conduct of those involved is an important consideration.

However, in general terms, the ministry has taken the position that prosecution would appear *prima facie* to be an appropriate sanction in these cases: where there is evidence of wilful and negligent disregard for health and safety; where contravention of the act or regulations results in serious injury or death and where there are no clear mitigating circumstances; or where orders of the ministry are repetitively ignored.

An injury, or even worse a fatality at work, is a tragic event. In many instances, employers and workers react to these difficult events in a positive, constructive and co-operative manner. They realize that the policies and procedures in place were not effective and take steps to rectify them. In these circumstances, it might well be counterproductive to bring the parties before the courts.

The ministry is often faced with a dilemma which derives from its two roles. On the one hand, we are the monitor and counsellor, on a

day-to-day basis, persuading and encouraging the parties to fashion co-operative solutions within a properly functioning internal responsibility system. On the other hand, we must, where appropriate, play the role of the enforcer and prosecutor.

This dual role, unless it is sensitively and tactfully carried out, can lead to confusion and distrust. It can, as I have suggested, retard progress already under way through voluntary efforts. That is why I believe it is unfair to conclude that the ministry's failure to prosecute indicates either indifference or neglect of duty. In my experience, the senior officials responsible for final decisions in these matters are doing their very best to balance, in the interest of workers' safety, the dual role I have described.

9 p.m.

In summary, the proper balance between punishment and exhortation, between the stick and the carrot, involves sensitive, pragmatic judgement on a case-by-case basis, a fact which does not always appear to be fully appreciated by critics. None the less, this ministry has never hesitated to take tough action where it is called for and we will continue to pursue those whose pattern of conduct justifies prosecution. In prosecuting, our counsel will continue to seek deterrent penalties commensurate with the gravity of the offence.

Ultimately, of course, the appropriate sentence lies with the court and I have indicated previously that I agree with those who have in the past questioned the quantum of some of the fines that have been imposed, fines which, in some circumstances, appear to be almost a licence to contravene the act and to perpetuate risks to the health and safety of workers. At my request, the Attorney General (Mr. McMurtry) is now considering this important issue and, as members will know from his recent comments in the House, he shares the basis for my concerns.

For the moment, however, I am pleased to report that the Court of Appeal has recently given a decision quite supportive of my concern. In a recently reported case, the Court of Appeal expressed its view of the deterrent effect of launching prosecutions under the Occupational Health and Safety Act. The court observed, and I quote:

"Sentencing for this type of offence cannot be achieved by rote or by rule. In every case it is the responsibility of the sentencing judge to impose

fit sentence, taking into account the factors upon which I now propose to comment.

"The Occupational Health and Safety Act is part of a large family of statutes creating what are known as public welfare offences. The act takes its place in this group of statutes because its progenitors, the Factory Acts, were among the first modern public welfare statutes designed to establish standards of health and safety in the work place.

"The amount of the fine will be determined by a complex of considerations, including the size of the company involved, the scope of the economic activity in issue, the extent of actual and potential harm to the public, and the maximum penalty prescribed by statute. Above all, the amount of the fine will be determined by the need to enforce regulatory standards by deterrence."

The learned judges cited the trial judge's reasoning for imposing a high fine. The trial judge stated:

"If I were to impose a penalty of \$1,000 it could be quite out of line with the size of the enterprise and the sums dealt with. This would not be felt by the accused and would merely bring the enforcement of these offences into contempt. I will point out that at all costs we must avoid an attitude which states the following position: we will go ahead as we can and if the inspectors come we will try to then do what they force us to do and will pay the odd \$1,000 fine and continue.

"In my view"—this is the judge—"only fines that hurt would have any effect whatsoever. On subsequent offences I would have no hesitation whatsoever in fining the maximum of \$25,000 on every count. Somebody has to protect the next man who might lose his arm."

The Court of Appeal upheld this reasoning when it concluded, and again I quote: "The main factors in the computation of a fine expressed in these decisions are the same as those expressed by Judge Dnieper. Without being harsh, the fine must be substantial enough to warn others that the offence will not be tolerated. It must not appear to be a mere penalty fee for illegal activity."

The third theme that I wish to address is rather more specific and concerns the relationship between the field inspectorate, those persons in the industrial, construction and mining branch with authority to issue remedial orders, including stop-work order, on the one hand, and the service branches, particularly the occupational health branch, on the other.

In several examples recently brought to my attention, it has been alleged that existing responsibilities are not sufficiently well defined, with the result that the advice and analysis of occupational health branch physicians and hygienists are not always immediately and effectively translated into action by way of specific remedial orders by the field staff.

To the extent that this is a problem, it stems, I think, from the pre-1976 period, where the occupational health branch, then housed in the Ministry of Health, provided consulting services to the Ministry of Labour's field forces. Given the new dynamic evident in dealing with health problems in the work place, I am not sure that this arm's-length professional consulting relationship has been sufficiently integrated into our new field task force approach.

The industrial health and safety branch and the occupational health branch have recognized this and have jointly examined the role of physicians and hygienists in identifying, controlling and monitoring work place health hazards.

Several changes are being made in their roles. Some of the key changes include the following: physician and hygienist reports are being written in language understandable to laymen; occupational health branch reports requiring the issuance of orders are now delivered to the work place by the industrial health and safety branch inspector or the hygienist, as appropriate, and are discussed with both parties rather than simply being mailed to the company as in the past; physicians and hygienists will issue orders directly where an industrial inspector is not present and orders are required immediately.

The fourth general health and safety issue that I want to address relates to the ministry's program for the control of toxic substances. This is another matter that receives considerable attention in the House and in the media.

Judging from the incomplete understanding of the law and programs now in place, I am not convinced we have done an adequate job of communicating the facts in this area. We will soon be issuing a publication that should assist in promoting greater awareness of existing activities, including the legal basis for them. However, I should like to take a few moments now to deal with the highlights.

First, it is believed in some quarters that unless a particular substance or agent has been designated and has a regulation of its own, there is no effective means of controlling exposure to it. This, of course, is entirely incorrect. Aside from the general and particular duties of employ-

ers under part III of the act, including the omnibus duty under section 14 to take every precaution reasonable under the circumstances for the protection of a worker, part IV of the act is devoted exclusively to the control of toxic substances. Under part IV, orders may be issued prohibiting, limiting or otherwise restricting any and all agents that are likely to endanger the health of a worker.

During the period that our specific designated substances program is evolving I am of the view that much greater use must be made of the powers under part IV of the act in appropriate circumstances. Orders under this part can be made on the basis of exposure guidelines or criteria established and accepted by the international scientific community, and aggrieved recipients of such orders will have the right to appeal to me under the provisions of the act if they believe that the basis or nature of the order is unjustified. In addition, under the industrial establishments regulation, employers are required to take all measures necessary to prevent exposure to toxic substances—section 145—and this regulation is frequently used as the basis for control orders.

The point I wish to emphasize is that all of these remedies and procedures exist quite independently of our designated substances program. It is therefore quite wrong and misleading to suggest, as some have done in very explicit terms, that Ontario workers are vulnerable to uncontrolled toxic exposure except with respect to those five substances for which there are specific regulations.

As for the designated substances program itself, I would suggest to members that few jurisdictions have developed more comprehensive, participatory and effective identification, standard setting and controls strategies. Again, we have been, I believe, far too diffident in explaining the program to the public.

The program really began with the publication in June 1980 of notice of intent to regulate eight substances. You know of the lengthy yet essential consultations that occurred as we moved to develop a prototype regulation involving an initial assessment of risk, the establishment of a control program, air monitoring, medical surveillance, record keeping and, most important, the mandatory introduction of engineering controls when certain exposure limits are exceeded.

Each regulation has appended to it detailed codes dealing with measurement techniques, medical surveillance and the specifications for

personal protective equipment. All of this material is based on comprehensive background studies, including health effects documents.

The review process, culminating in a detailed procedural assessment by the Advisory Council on Occupational Health and Occupational Safety, gives full opportunity for participation and input by labour, management and the external scientific community. Because of the very nature of the process, viewed by most objective observers as a model of procedural fairness, it is time consuming, and quite naturally, the most time consuming period occurred during the development of the prototype regulation dealing with lead, which became law in 1981.

9:10 p.m.

When I became minister last February, lead was the only substance fully designated. Since then, quite considerable progress has been made, thanks to the dedicated and determined efforts of the division's staff, acting under a work plan with targets established by the deputy minister. As of today, four additional designated substance regulations are fully in force—mercury, vinyl chloride, asbestos and coke oven emissions. The remaining three—noise, isocyanates and silica—have all been forwarded to the advisory council for formal review and should be enacted soon.

I can therefore say without reservation that to have completed phase one of this complex process involving full public participation within two and a half years is probably without precedent in other industrial jurisdictions.

Ladies and gentlemen, I think I will stop at this point in order to let Mr. Wrye have sufficient time to make his comments and I will—

Mr. Mackenzie: Is that page 80?

Hon. Mr. Ramsay: No, I did not get to page 80. I got halfway through page 65.

Mr. Wrye: I have enough time.

Hon. Mr. Ramsay: I can go on? Okay, fine. Thank you.

On November 13, notice of intent to regulate eight more substances—acrylonitrile, arsenic, benzene, formaldehyde, cadmium, chromium, ethylene oxide and styrene—was published in the Ontario Gazette. I very much hope that the experience gained in phase one will enable us to complete this second round in an even shorter time.

While we are on the subject of regulations to control worker exposure to toxic substances, I would like to focus on the efforts of the division to implement the designated substance regula-

tions. Since the lead regulation has been in force the longest, I shall use it as an example.

The lead regulation became law in two phases. From August to November 1981, the regulation required employers to review whether workers were exposed to lead and to determine the extent of their exposure. From the end of November onwards, the employers were required to meet the full requirements of the regulations if the assessment indicated that the workers were exposed to lead and their health could be endangered. Even so, workers were not to be exposed to airborne concentrations of lead above the specified exposure limit.

Between August 1981 and March 1982, the ministry took care to check for compliance with the lead regulation during regular cyclical inspections of industrial establishments. Since the ministry had sent copies of the regulation to thousands of work places, and especially to work places known to use lead, it assumed that employers and workers would begin to institute the new provisions of the law. However, it became apparent that this more traditional approach could not continue for the lead regulation.

As I have indicated to members in correspondence and in responses to questions on the Order Paper, the division began a comprehensive inspection program to ensure that employers were meeting their obligations under the regulation. The ministry contacted employers known to use lead to determine the status of the assessment and control program. In instances where action was not instituted, inspectors visited the establishment and left remedial orders.

The experience with the lead regulation indicates that the ministry must monitor the implementation of the designated substance regulations more closely. As a first step, the ministry will send out notices to employers known to use a designated substance, advising them of their duties and requesting that they and their workers together notify the ministry when the assessment and control programs have been completed or are in place. In those cases where no reply is received, the ministry will follow up by telephone and then by inspection. This phased program will supplement the routine cyclical visits by inspectors who, of course, take appropriate actions to enforce all the provisions of the law in the establishments they visit.

I have noted that the approach to the control of toxic substances involves an arsenal of statutory weapons, of which the designated substance component is only one. It is, however, a

particularly useful one, since it mandates control strategies and medical surveillance programs. Recognizing this, and also mindful of the great number of individual substances in use in the work place, we are giving consideration to a concurrent regulatory approach.

This approach would involve the promulgation of an omnibus regulation applicable to substances listed on an appendix and requiring assessments, control programs, monitoring, records retention and medical surveillance, but leaving the numerical exposure limit—the issue which causes the most debate and therefore the greatest delay—to be determined following the normal process of public consultation.

The advantage with this approach, of course, would be that control strategies, based upon prevailing guidelines rather than enforceable standards, would be in place pending final determination of the numerical exposure limits.

The final area I wish to touch upon in this opening statement relates to accountability of the division for its important work. There seems to be a feeling in some quarters that division staff are inaccessible and that they operate behind some sort of bureaucratic veil that one cannot penetrate. I believe such criticism is as unfair as it is unfounded.

Let me begin by saying that since the act became law in October 1979, the division's operating and administrative practices have been scrutinized by a number of external bodies.

The select committee on Ontario Hydro affairs dealt with many aspects of inspection and enforcement at its hearings in 1980. Even greater attention was given to administrative and enforcement practices by the joint federal-provincial industrial inquiry commission, the Burkett commission, in 1981.

Division staff have appeared before the Royal Commission on the Use of Asbestos and several important and detailed background studies prepared for that commission have dealt with aspects of the division's operating practices. I would commend to the members the published reports of all of these investigating bodies and would note that in much of this published material there are positive comments on the way in which the act has been administered.

Again, while self-commendation sometimes appears to be self-serving and immodest, I do not think these published assessments by external bodies have received sufficient circulation and I intend in the months ahead to attempt to have those communication deficiencies rectified in the interest of providing the public with

an objective and balanced view of our efforts on their behalf.

In addition to the studies and evaluations already undertaken, there are two further initiatives that the deputy minister has recommended to me. The first is that we should initiate an annual accountability session with the Advisory Council on Occupational Health and Occupational Safety.

Under present arrangements, we receive much valuable advice from the council in the form of advisory memoranda. However, neither the council nor the ministry has the opportunity for a substantial encounter to deal with the range of administrative and policy matters which I have been discussing in this statement. Council, because of its multipartite membership composed of knowledgeable representatives from various constituencies, under the able and vigorous leadership of Dr. Fraser Mustard, is particularly well-qualified to assess our performance and to make recommendations as to what improvements might be made.

I am, therefore, attracted to the deputy minister's suggestion that there be an annual accountability session, spanning if necessary several days, to enable a free and open exchange of all aspects of the division's operations. While I have not yet explored the notion fully with Dr. Mustard, I would personally support council if it saw fit to extend invitations to the health and safety critics of the two opposition parties to attend such sessions.

The final suggestion the deputy has made to me also deals with the desirability, indeed the necessity, of building upon our present practices of open consultation in matters of particular controversy. Let me first explain to members our present approach. In the past, two unions, the United Steelworkers and the Canadian Union of Public Employees, through their senior occupational health and safety officials, have expressed concerns about a variety of particular problems, general administrative practices and legal interpretations, as well as particular complaints about the work place.

In the case of both organizations, the deputy has arranged meetings with the affected union officials and senior staff of the division. In the case of the steelworkers, he presided at those meetings, which spanned several months. In the case of CUPE, I attended personally. I believe that much progress was made in these sessions. Useful information was exchanged and misunderstandings on both sides were reduced, if not totally eliminated. I would like to make it

clear that this same process is open to any group from labour or management which feels that improvements might flow from intensive discussions at the senior level.

9:20 p.m.

All of that is by way of background to the additional proposal which the deputy has put before me. It relates to a series of recent questions in the House about particular work places where it has been alleged there are or have been deficiencies in our approach to particular problems. Typically, these allegations are extremely detailed and arise from complex fact situations sometimes spanning a number of years and involving highly technical engineering, medical or epidemiological questions.

It is quite impossible to respond fully and usefully in the House to these questions, partly because of their complexity and partly because of the time limitations. Equally, it does not really advance the expeditious resolution of these problems for me to write lengthy letters to my friends opposite, although I have no objection to continuing to do that. Presumably what we all wish is to solve problems, not to perpetuate endless adversarial correspondence.

Where problems are identified, the solution usually resides on the shop floor, not on the floor of the Legislature or in one of these committee rooms. For that reason, the deputy has suggested that in these individual cases—and I refer to the Trailmobiles, the Westinghouses, the CGEs—the ministry should conduct its investigations, complete its analyses and then seek an immediate meeting with the plant's joint health and safety committee to report its findings, to seek whatever further clarification is required and, following discussions, determine what remedial action is necessary. It would be made clear to the health and safety committees that ministry participation will include senior ministry officials.

Surely this is the kind of pragmatic, action-oriented approach which should be in everyone's interest to accept. It does not preclude my reporting to members on the nature of the problem and the steps being taken to resolve it. However, it is important for all of us to bear in mind that we as legislators have no rights of proprietorship over work place problems. They belong to labour and management, and our role is to assist in their resolution. When they cannot be resolved through co-operative joint action, there is an opportunity to intervene with the

appropriate remedial directives, backed, where necessary, by legal sanctions.

While I do not wish to conclude this portion of my remarks on a negative or provocative note, I must say I am somewhat mystified as to why some apparently feel they have to await an opposition task force before expressing concerns about occupational health and safety matters. The senior staff of this ministry have never, to my knowledge, shown any reluctance to receive and act promptly on legitimate complaints or problems concerning the administration of any of the statutes for which we are responsible.

My accessibility and that of the deputy and other senior officials is, I think, well known and really not disputed. Why is it, then, that persistent problems of the sort raised in recent weeks are dormant and are not brought to our attention except in a political forum? I know of no one who wishes to discredit the act or the ministry's administration of the act for political purposes. It is far too important a subject for that.

So I repeat, I am genuinely mystified and perturbed that these complaints do not come to us directly and at the time of their occurrence, not months or in some cases years after the event. Therefore, I hope that some of the statements I have made today will assist us all in overcoming what appears at least in part to be a communications problem, the origins of which are obscure to me.

Mr. Wrye: Mr. Chairman, I welcome the opportunity to make the opening comments on behalf of the Liberal Party. I appreciate the opportunity to make them tonight.

I might say that I feel in a sense, having watched the minister begin to slow down in his reading, perhaps I have done him a bit of a favour in not forcing him to continue until 10:15 tonight. You will have to do that, Mr. Minister, on Tuesday next.

I will comment only very briefly, mainly on two aspects of the minister's statement which he has completed so far. I am certain that we will get into a lot of very specific questioning as we deal with the individual votes and items during these next hours.

I appreciate the comments the minister has made with regard to the Inflation Restraint Act and will be looking forward to questioning him in detail on a number of issues. I did not feel he dealt with some, such as that of allowing a limited right of free collective bargaining on compensation issues during the control peri-

od. I look forward to an exchange with him on that matter.

I appreciate the comments he made about bringing management and labour together. Although the act was only implemented last night in the Legislature, his suggestion was a good one that we use this time—as I do not believe we have, and indeed even without the act we should be using this time to begin to put together a process of bringing labour and management together in an effort to form some kind of social partnership. It may be one that would be unique in North America.

The minister has pointed out that perhaps we cannot move the European or Japanese experience to these shores—perhaps we should put together one of our own—but I applaud that statement. I hope that notwithstanding the difficult times you may have as a result of the legislation—and I think you are sensitive to that and I am as well—you will continue in the coming months to make that effort. Within the general constraints of the political process you will have a degree of co-operation from this party.

I am at odds with your comments on the Occupational Health and Safety Act. I had understood there was some talk about having a separate discussion on occupational health and safety. My comments on that matter will be very brief during this opening statement.

On the first instance, I certainly have always applauded a co-operative approach where it is possible. We will deal with this in detailed questions on the appropriate vote. I believe in too many instances the ministry has allowed the co-operative approach to perhaps carry on too long. I certainly read and hear with a great deal of interest your determination that where there is a deliberate flouting of the act the time has come for the ministry and the courts to take a much tougher approach. At least we hope the courts will.

Mr. Chairman, Mr. Minister and ladies and gentlemen, it is my privilege, as well as the minister's, to be attending these hearings for the first time as labour critic from the official opposition. Because these are my inaugural estimates I wish to use the occasion to put on record a statement of principles concerning my approach to the work of the Ministry of Labour in a general sense. Afterwards, against the backdrop of my general remarks, I shall identify certain specific issues of concern for the purpose of discussion under the appropriate vote.

The presentation of specific issues in this

opening statement will not be comprehensive nor exhaustive of all possibilities. I prefer to reserve the discussion of details to those times when the subject matters are before us by way of vote or item. Primarily, it is my intention to reveal a guiding philosophy in the ensuing approach to the human problems with which this ministry is concerned.

The discussions we conduct this year must relate to the harm wrought upon the people of this province by the economic disaster that has been 1982. The startling, glum statistics are known to all of us. In October alone 6,052 employees were affected by partial or complete closures of firms. The total layoff figure to the end of October is a staggering 35,969. This compares to last year's unthinkable high year-to-date figure, at least at that time, of 13,505. Now it is almost three times last year's number. These figures can be coupled with the seasonally adjusted November unemployment figure of 564,000, plus thousands and thousands of others whose names are not even added to that list.

9:30 p.m.

Each month we compile in statistical form, a matter of science, the latest chronicle of personal employment catastrophies, a matter of humanity. Even against our will we become somewhat inured to the true meaning of these figures. Repetition leads to this; the sheer magnitude of figures virtually assures this. It is as easy for the mind to assimilate that the distance between the earth and the sun is 93 million miles as it is to fully appreciate that 564,000 employable persons in Ontario, many of them our friends and neighbours and certainly all of them our constituents, are looking for work.

The story of these figures is the story of the foremost task facing this committee, this ministry and this Legislature. Though the programs run by the ministry are many and varied and each is important, it is my view that the very first task of this ministry must be to confront squarely the full significance of these figures. This ministry has not done so in the past. It loosely shares jurisdictional responsibilities with at least two other ministries in matters of employment policy. No ministry has assumed the lead role and I believe it is now time for this ministry to do so.

The harsh, unrelenting winds of economic recession have sown seeds of suspicion, distrust, even derision for our traditional institutions, not the least of which is the very institution of government itself. We are seeing the harvest of

this bitter crop in the frequency and in the vehemence of the demonstrations against government here at Queen's Park and throughout the community by interest groups of all stripes and of all causes.

We must cope with this phenomenon in accordance with the highest standards of fairness and of compassion within our society if we are to remain a decent society. Our sole purpose is to try to design mechanisms that, as far as is humanly possible, serve the best interests of the community even though our respective views of best interests may sometimes differ. Sometimes I believe we lose sight of this fact. It seems no longer urgent. Our common objectives become lost in the din and the rhetoric of our common behaviour.

How many opportunities for real joint constructive contribution do we forfeit because of the distraction of partisan battle? There is great irony in this, for as politicians we speak incessantly, almost in paranoia, for the record, making it thick with our wisdom. But who hears? For the most part only the transcribers of Hansard. The people have long since tuned us out, disappointed with our noise, the similarity of it all. We have become confused in battle, interchanging means for ends, and in the end becoming sometimes only mean.

In 1982 we in Ontario, indeed in the country, stand before an economic and industrial crossroads. The familiar, comfortable, traditional structures of our economic foundations are being dismantled. Like it or not we are in the midst of a global macroeconomic revolution. As the patterns of change—in some cases of upheaval—become clearer to us, we shall adapt. The inevitable period of adaptation has been compared to a precarious position upon the narrow ridge of reason: An inclination in the wrong direction could be disastrous.

During the process of adaptation, more than ever we must protect those on whom economic circumstances have dealt their harshest blow. Our justification for doing so derives from the very rightness of the act. It is an affirmation of the sense of compassion of which I spoke earlier. This is the proper domain for government. I completely dissociate myself from the political philosophy that would see government getting off the backs of the people. This, of course, is a code word behind which all the monetarist, neoconservative economic strategists rally.

I completely agree with Professor D. P. Kalmbach of the University of Bremen, who

accuses the new neoconservatives of hypocrisy: "It is intellectually dishonest," he says, "when those who want to put an end to social programs try to pretend they are motivated by concern for the poor and underprivileged. . . . What they can't admit is that a reduction of state transfer payments and cutbacks in protective measures must inevitably lead to even greater inequality of income distribution."

Neoconservative thinkers recommend to the low-wage earner that his faith is better placed in free enterprise, not in government. To the south we have already seen a betrayal of that faith by those who urged its acceptance.

When since the horrible Great Depression has the need been greater for enlightened, humane policies? Government, this ministry, must respond to proven need with moral integrity and social purpose. It must respond to workers whose jobs are threatened or have been lost, to firms whose products are becoming less competitive or unmarketable, and to communities whose major industries are failing or have failed. The principles upon which this ministry builds its response will provide the foundation for all ministry response to all demonstrated need throughout the major programs it administers. What are those principles? I suggest they be commitment and co-operation.

I am not the first advocate of those principles. Recently, Professor Michael Walzer at the Institute for Advanced Study in the United States called "for the need to invoke the moral vision of a society whose citizens are committed to one another and willing to share the costs of the commitment." It is this willingness, philosophically and politically, which must win the day.

In June of this year, in speaking on the deepening deindustrialization of our society, my leader called for the need for industrial co-operation. He has since been joined in this call by eminent columnists and economic writers. He proposed a comprehensive seven-point plan, incumbent first upon government, which would "demonstrate sufficient sincerity and even-handedness of purpose to gain the confidence and trust of both labour and management." After a period of implementation and observation, it was to be hoped that a climate of collaboration and not for an adversarial relationship might prevail. The bona fides of government, proved.

In the context of commitment and co-operation, the role of government would be crucial and the role of this ministry would be crucial. Through

"managed adjustment," as it has been called by an economist in the United States, government, working hand in hand with business and labour, can ease the transition out of declining industries and into emerging ones. Workers can be given assistance in retraining and relocation, outmoded infrastructure can be modernized, and businesses can be encouraged to divest themselves of their least competitive parts and reinvest in new, more competitive industries, particularly in regions of high unemployment and underused infrastructure. The spirit of co-operation must guide policy planners. Their policies must prove the sincerity of government to both labour and management.

Other persons have similarly spoken of the need for a comprehensive spirit of co-operation of effort. For example, your predecessor, the former Minister of Labour, Dr. Elgie, called for the animus of co-operation when he addressed the 15th annual Canadian conference of the International Foundation of Employee Benefit Plans in Quebec City. This is part of what he said:

"As for labour, any successful effort will require abandonment of outmoded notions of class conflict, as well as a readiness to lower its economic sights and expectations, at least for the time being. Similarly, management will have to regard labour less as an ideological adversary, to be dealt with only across the barbed wire of the bargaining table, and more of an enterprise partner. And government will need to show flexibility and imagination in fashioning consultative structures and show greater readiness to respond sensitively to sound bipartisan private sector advice."

We must attach ourselves to the idea of community purpose. We must avoid the trap of outmoded ideology. Extremism has failed. Every group has a part to play. Every group has contributed to the problem; therefore, every group will have to alter its behaviour to some extent to solve it. Though each group will have a legitimate self-interest, the overriding interest will be that of the community. Commitment to the community leads inevitably to co-operation within that community.

Let me briefly, at this stage, identify some of the issues this committee must obviously discuss at the appropriate vote. During the course of our discussions, the ministry's performance with respect to the issues will be weighed against the background of the foregoing statement of principles. I reiterate that the issues I now highlight are in no way a comprehensive list.

This committee must first discuss the question of ministerial leadership. What is the role of this ministry in shaping and executing policy to deal with the vital issues confronting Ontarians not only as workers but as Ontarians? We have already mentioned the question of employment policy. Other than at the round-table cabinet discussions, what has been this ministry's role in co-ordinating its decision-making between the ministries of the Treasury, Community and Social Services, and Industry and Trade?

This ministry must initiate; it must not merely react. It must be active; it must not be passive. I shall refer later to the specific promises made in the throne speech. I draw to the minister's attention that these promises have been unfulfilled.

9:40 p.m.

What is the minister's view regarding the impact upon an already cynical public of promises made so publicly and promises disregarded so completely? Can this behaviour possibly contribute to civic wellbeing, to trust of our institutions?

It is regrettable, in my judgement, that the Minister of Labour did not appear before the standing committee on administration of justice hearings on Bill 179. I fully acknowledge that to do so would have been very difficult, perhaps even distasteful—perhaps even in some way an affront to your conscience. I understand that. I sympathize with your predicament.

But surely there was an obligation. It was a legitimate expectation that the Minister of Labour would attend the committee. The bill itself may have been in relation to wages in the public sector but it was also, unfortunately, in relation to collective bargaining in our province for a very large number of unionized workers. The Ministry of Labour ought to have maintained some public profile in this issue. The fact it did not, I believe, again raises valid questions of leadership.

I had some very brief remarks to make regarding the issue of occupational health and safety, which it had been my understanding as late as yesterday was going to be considered separately. I found out only today it was not.

Hon. Mr. Ramsay: Excuse me, could I just make a comment? I too just found out today that we would be proceeding with the estimates in the normal manner rather than an arrangement that had been discussed among the House leaders.

Mr. Wrye: I will save some additional remarks for the appropriate vote, but I would say for now, as a starting point, that I wish to draw to the attention of the members of the committee an excellent article entitled, "Canadian Occupational Health and Safety Legislation," authored by Richard M. Brown, associate professor of law, University of Victoria.

In the article, which appeared in the *Osgoode Hall Law Journal*, Professor Brown examines the response of Canadian legislatures to what he calls the three challenges of occupational health and safety statutes. In his words these challenges are:

"The law should strive to ensure that both labour and management devote their best efforts to the prevention of injury and disease. As control of many aspects of the work environment has been a management prerogative, the scope for worker participation in the prevention of injury and disease must be increased. In addition to bolstering the internal responsibility system, the law must provide a framework for the creation and enforcement of minimum legal standards. Finally, the traditional legal focus upon industrial accidents must be broadened to include occupational disease."

I know the minister has dealt with many of these matters in his opening statement. As we consider the Occupational Health and Safety Act and other initiatives from your ministry in the appropriate vote I will carry forth other more detailed comments.

In the throne speech this government made the following unambiguous statement: "Measures to provide protection for employees under the Employment Standards Act will be advanced in such areas as unjust dismissal and protection of severance pay. In addition, proposals will be brought forward to extend the counselling and training of workers affected by plant closures."

These words held out promise; the deeds hold out regret. Nothing has been done. Is the minister considering amending the Employment Standards Act? If he is, what is he proposing? Or is the philosophy of the far right gaining ascendancy in cabinet?

In our view, the minister might consider a comprehensive, three-pronged program to protect not only the workers of this province but, in the long run, the economy of this province. The first aspect of the program would require measures to avoid plant closures and the resulting loss of jobs, in some cases permanently, in some fortunately only temporarily.

The government must legislate the lessons of

SKF. This must be accepted as a principle of action. We may differ among ourselves on the details of implementation. This is a legitimate difference. However, given the nature of Ontario's historical branch plant economy, and given the nature of the industrial adjustment that has to be made as we advance into the heavily technologized industries of the next century, Ontario must not remain passive to the business whims of non-Ontarians. I say that this is simply a matter of economic survival.

In this regard, I draw the minister's attention to a resolution advanced earlier this year by my colleague the member for Kitchener-Wilmot (Mr. Sweeney), who is with me tonight. It dealt with putting into place a mechanism for avoiding plant closures.

I recall that my colleague's proposal met with something less than enthusiasm from the member for Hamilton East (Mr. Mackenzie). However, the member did not bother to inquire into the details of the proposal or into the machinery of the principle. At some stage, perhaps, the committee could consider the question of SKF-like legislation.

The second aspect of the three-pronged program addresses the shortfalls of the Employment Standards Act in dealing with the needs of employees who have been laid off or terminated. The most pressing issues requiring change in the Employment Standards Act relate to the following sections: subsection 40(2) and clauses 40(1)(a) and (b). These sections deal with the notice provisions when employment is terminated for 10 or more employees and with the severance provisions when 50 or more employees have been terminated. In our view, the minimum conditions contained in the act need revision. As well, the existing loopholes in the regulations defining temporary layoffs need reworking, and as we go on I will welcome the minister's views on this regard.

Finally, the last aspect of any major program must deal with the issue of protecting employees in situations where their employers have become insolvent by way of either bankruptcies or receiverships. I recognize that this necessarily involves transjurisdictional involvement with the federal government in matters of bankruptcy. However, there is room for provincial initiative in conjunction with and distinct from the federal government to implement a wage protection scheme. This scheme could borrow from the interim proposals made by the Landry commission.

There is much room for ministerial creativity

by the minister in the realm of the work force—and by this I mean both the employee and the firm for which he works—for protection legislation. This subject is worthy of consideration by this committee.

It will be important for this committee as well to examine the operation of the new Human Rights Code since its proclamation in June. I am confident that this minister is as concerned as we all are with situations of discrimination that arise from time to time.

Recently the minister was called upon to deal with the situation of the 23 women of East Indian origin dismissed by Canadian Pizza Crust Ltd. I recognize the minister may be reluctant to comment on this case at this time inasmuch as the matter is under investigation by the Ontario Human Rights Commission. However, depending on the findings of the commission, this case may be an important educative and example-setting test for the ministry.

I would like to hear the minister's views regarding the recent Ontario Labour Relations Board decision proscribing political campaigning by unions in the work place. For example, does the minister feel this issue worthy of a reference to the Ontario Human Rights Commission?

Is the minister ready to report on the aspect of compulsory retirement under the code? This issue was, as he knows, deferred by his predecessor for special consideration.

As well, there are important issues dealing with the handicapped division of the human rights commission. Does the minister feel that the authorities vested in this division are strong enough? Can this division, for example, hold an inquiry or even distribute literature on its own initiative? Should the definition of "handicap" include nonphysical handicap as well as developmental and emotional handicap? What is the state of public awareness concerning the existence and the work of this division?

I would like to hear the minister address the issue of wage permits for handicapped employees. Have the recommendations by Abt Associates of Canada in their report of June 1980 prepared for this ministry been adopted?

These are merely some of the issues falling under human rights that this committee might discuss in the hours ahead.

The issue of workers' compensation regularly takes up a good deal of time of this committee during these estimates and when we deal with the reports of the board. I will be very brief tonight, as I was this afternoon, because the

resources committee will be considering the white paper in reaching its conclusions and making recommendations to the minister in the next month or two.

Having made the recommendations to the minister, I will only say that it is my hope and that of my colleague who sits on the committee with me that the minister and the ministry will study those recommendations and that we will have legislation placed before us at the earliest possible opportunity for consideration. It is absolutely essential, in my judgement. We are all familiar with the issues, and it is now time for us to put the years of study into place with legislation. I say only that the Liberal Party will commit itself to full co-operation in moving this legislative process forward.

In the field of labour relations, I wish to raise a few of the issues that warrant discussion by this committee during these estimates. I have already referred as a human rights matter to the recent board ruling dealing with political activities by unions. The implications of the decision are obvious. The board chairman in his decision wrote the following: "A trade union should not be able to use its certified bargaining agent status to capture an audience for its political canvassing activities."

Is political canvassing in the work place a lawful union activity? In my view, it is. What is this ministry's view?

9:50 p.m.

Recently, Professor David Beatty of the University of Toronto publicly presented the view that the job of ensuring fairness to employees in the work place has been botched by the courts and by our arbitrators. In his opinion, we are ready for legislative enforcement of traditional rules of fairness in consultation and execution of work-related decisions.

I am not certain whether the minister has had the opportunity to read or hear the remarks of Professor Beatty. It would be a worthwhile use of our time, I submit, either to obtain his remarks or to invite him to speak to this committee at some time. In view of the economically revolutionary times in which we find ourselves, newer, evolutionary policies need to be considered.

The minister ought to deal with the issue of industrial spying, strikebreaking, intimidation and other questionable behaviour by so-called security firms. Much has been written of the activities of Securicor Investigation and Security Ltd. this year. Indeed, we are awaiting a bill from the Solicitor General (Mr. G. W. Taylor)

ostensibly to tighten licensing standards for security agencies. However, irrespective of the introduction of a bill, the proliferation of anti-union tactics on the part of some persons is an issue calling for a response by this minister.

The minister has had a hard time this year with the working women of this province. I shall not, at this stage, put on record a detailed summary of the facts and statistics and issues arising from the condition of the women in our work place. Our few hours are best spent with the examination of the programs and issues at their appropriate vote. Moreover, my predecessor as critic, the member for Hamilton Centre (Ms. Copps), last year put on record a very eloquent, detailed presentation concerning the myriad issues confronting women in our work force. I commend her presentation to members of this committee.

Whether we are dealing with questions of equal pay for the same work, equal pay for work of equal value, questions of maternity leave, affirmative action, the provision of day care or harassment at the work place, the obvious, overwhelming conclusion is that women have not yet made significant strides towards equality. We are headed in that direction; of this there is no doubt. However, there is equally no doubt that we are headed far too slowly. The philosophical question remains, to what extent is this minister willing to intervene in the so-called balance between private sector freedom and government initiative to hasten that journey for women along the road to equality?

As I stated earlier, there are many issues of both a general and specific nature which I deliberately did not mention during these remarks as the time available to us is limited. I hope to raise as many issues as possible during deliberations by our committee now in estimates and during the workers' compensation white paper deliberations. I had also hoped to raise them during the specially designated occupational health and safety hearings which now have been cancelled.

I would appreciate, however, hearing the minister's view concerning those issues I have mentioned in my opening statement.

The Vice-Chairman: Is it the committee's wish to continue with the minister's statement? I will be guided by your wisdom. Does the member for Hamilton East (Mr. Mackenzie) have some comments he would like to make now?

Mr. Mackenzie: No, I will wait for the minister to complete his statement.

The Vice-Chairman: I will have to put out my pipe then.

Mr. Sweeney: I think we have a vote at 10:15.

Hon. Mr. Ramsay: I would like to turn now to a discussion of manpower matters.

As I said at the outset, control of inflation should not in and of itself be the final objective of our economic policy. We must address this issue, first, because until inflationary expectations have been broken, we cannot move effectively to implement strategies that will ensure stable long-term growth. Our ultimate goal is economic growth and the employment that it will bring.

In the immediate future, however, it is apparent that growth in our economy will not be a reliable source of increasing employment. It has, therefore, been necessary for us to intervene in a substantive way in the labour market through job creation and other means to stimulate employment.

In past years, job creation activities have focused on the socially and economically disadvantaged. More recently, however, initiatives have been undertaken to address the needs of an emerging clientele, those who have exhausted or are about to exhaust their unemployment insurance benefits. To this end, we are joining with the federal government in a new co-operative effort to create jobs.

The province's responsibility for implementing the joint program rests with me, and I can assure members that among my responsibilities none has a higher priority. I will elaborate on our job creation efforts presently. Let me note, however, that this is not an area where government can act effectively on its own. We can appropriate the funds for job creation purposes and we have done so. However, we must also rely on the combined efforts of labour, management and community groups to develop and implement projects. We call, therefore, for the co-operation of unions and management to work with government to address the critical need for short-term job creation.

There is an opportunity here for the private sector to be constructive, not only through program delivery but also in the design of overall strategies and policies for our job creation initiatives. One mechanism for the involvement of the private sector is through the activities of the Ontario Manpower Commission. The commission has taken a leading role in the development of a co-ordinated provincial job creation strategy through the examination of current federal and provincial policies and

programs, the development of new program delivery mechanisms, liaison in co-ordination among provincial ministries and agencies, and negotiations with the federal government.

The Ontario Manpower Commission comprises labour and management as well as representatives of the educational sector. It reports to the cabinet committee on manpower which I chair. It thus provides a forum in which all parties can collaborate to address our collective interests.

The commission was established in 1979 when the government identified as a priority issue the development and implementation of a manpower strategy for the province. Its composition reflects the government's view of the importance of private sector involvement in the identification of priorities, the design of policies and the implementation of programs.

To facilitate its work and in recognition of the importance of its activities, the commission was expanded this year to a total of nine part-time commissioners from business, labour and education, and a full-time chairman in the person of Dr. Alan Wolfson.

One of the commission's most important current responsibilities is the development and implementation of Ontario's job creation strategy in conjunction with the recently announced federal program.

Before discussing our newest endeavours, it is important that we put these in context. Both the provincial and federal governments have been undertaking substantial job creation activities for the past few years, and these have been dramatically increased this year in response to the current recession.

Let me outline for members the main features of our job creation programs. The province, on its own initiative, had assigned about \$250 million to job creation activities during fiscal year 1982-83 prior to the introduction of the most recent program.

There are two major components to our previous and ongoing activity. First, \$83 million is being spent on youth employment and forestry programs which I will describe in more detail later. There was \$171 million committed in the May budget to short-term job creation activities administered through the Board of Industrial Leadership and Development with the following distribution: \$133 million for accelerated labour-intensive capital projects, \$15 million for funding co-operative federal-provincial projects for unemployment insurance claimants, \$12 million in enhancements for the existing youth employment programs, in

addition to the funding noted above and for a new winter youth program, and \$11 million in agricultural and farmstead improvements.

The federal government also has been active in job creation in Ontario this year, although to a slightly lesser degree than the provincial government. Before introducing the new employment expansion and development program, Ottawa had committed about \$220 million to job creation activities in the province with the following distribution: about \$46 million in 1982-83 job creation programs such as the Canada community development program, with an additional allocation of \$39 million already set aside for 1983-84; about \$39 million of unemployment insurance funds for job creation projects funded under section 38 of the Unemployment Insurance Act, and about \$100 million of unemployment insurance funds for work-sharing projects.

10 p.m.

In sum, between both levels of government, almost \$500 million has been committed to providing employment opportunities in Ontario during this fiscal year before our new joint initiative was developed. About 13 per cent of these funds are dedicated to joint activities, namely, those related to projects funded partially with UI funds under section 38 of the Unemployment Insurance Act.

Until now, however, the job creation activities of the provincial and federal governments have proceeded largely in parallel, though not in isolation. We have attempted, largely through the co-ordinating activities of the Ontario Manpower Commission, to ensure that no duplication of our efforts takes place and that our individual activities are commonly directed towards joint objectives.

One can readily see, therefore, that although there has been inadequate appreciation of the government's effort in job creation over the past year, the scale of this effort is quite significant. That is not to say that what has been done is sufficient to satisfy all the needs of the unemployed. It would be foolish to imagine that the government has the resources to accomplish that task. Only a general recovery of our economy, which in turn is predicated on an international economic upturn, can readily address the kind of unemployment problem we now are experiencing.

It has become evident, however, that the current recession is cutting deeper and lasting longer than most experts expected. We therefore decided to augment our job creation efforts

and to do so in a co-ordinated fashion with the federal government to make optimal use of our scarce joint resources.

Two weeks ago, the Treasurer (Mr. F. S. Miller) and I signed an agreement with the federal Minister of Employment and Immigration for a joint program of job creation, constituting the central core of a new, \$280-million, federal-provincial commitment to be spent over the next 18 months.

The federal government has set aside \$30 million to be spent on its own projects, largely construction activities on federal government properties such as armed forces bases, airports and the like. The province for its part has allocated \$50 million, largely for accelerated labour-intensive government projects to be spent over the next three months.

We have each committed \$100 million to a joint program of job creation. Let me outline the general features of this \$200-million Canada-Ontario employment development program.

The new Canada-Ontario employment initiative is designed to provide employment primarily for those who have exhausted their unemployment insurance benefits or who are in receipt of general welfare assistance. Employment projects are to be sponsored by municipalities, the private sector, trade unions, community groups, nonprofit organizations and government agencies.

The joint contribution from the federal and provincial governments to the cost of these projects will average \$400 a week towards wages, benefits, supervisory and overhead costs and materials. We expect projects to be developed rapidly, with a program commencing this month and lasting for 18 months.

To mount such an effort with speed and efficiency, we will be utilizing the existing networks of the Canada Employment and Immigration Commission and the ministries of Northern Affairs, Municipal Affairs and Housing, Industry and Trade, and Labour for project development and identification of participants.

The chairman of the Ontario Manpower Commission will represent the province, along with the secretary of the Board of Industrial Leadership and Development, on the joint federal-provincial committee which is to review and recommend program design and implementation strategies as well as the funding of individual projects.

The staff of the Ontario Manpower Commission will serve as the central provincial source of information for potential project sponsors and

participants. As chairman of the cabinet committee on manpower, I have the final provincial responsibility for the implementation of this program and for the approval of joint projects.

It is important to note that the program itself will be targeted to those communities that are experiencing the most extreme hardship. Its purpose is to provide a bridge for those in greatest need until the general recovery of the economy begins to enlarge employment opportunities in a significant way.

This newest initiative is an important and substantive response to the current critical need for short-term job creation. However, we should not lose sight of the fact that on a regular basis, our government continues to be involved in employment programs with longer-term objectives.

The largest and most important of these relates to our efforts to provide employment opportunities for youth to facilitate their entry into the labour force and enhance their long-term employment prospects. In recognition of the importance of this undertaking, several years ago the Ontario government established a youth employment envelope incorporating our major youth employment programs. This fund currently totals over \$60 million. The Ontario Manpower Commission has responsibility for its central administration, for making recommendations on the allocation to the various programs within the envelope and for the evaluation of these programs.

There are currently five job creation programs included in the youth employment envelope:

The Ontario youth employment program provides wage subsidies of up to \$1.25 an hour towards the wages of young people employed during the summer by private sector employers. About 21,000 employers participated in OYEP last summer with about 63,000 subsidized positions being approved at a cost of over \$30 million.

The Ontario career action program provides job experience and training to out-of-school youth on a year-round basis. Positions are funded for up to 16 weeks with a weekly stipend of \$100. The program is administered using the network of the community colleges throughout the province. This year about \$16 million is being spent on OCAP, creating about 15,000 positions.

The Ontario youth secretariat has been administering two job creation programs. The Experience program provides jobs for summer stu-

dents within the Ontario public service. Its budget for this year was \$12 million. The secretariat also operates a system of youth counselling centres throughout the province targeted towards out-of-school youth. In our newest initiative within the envelope, this year on a pilot-project basis we have introduced a winter Experience program directed towards those same out-of-school youth. They have, of course, the highest unemployment rates and the poorest long-term job prospects among the youth group.

Since OCAP is primarily directed towards providing job opportunities in the private sector, the new winter Experience program will concentrate on public sector and nonprofit community employers. This winter, about \$5 million is being spent on this new initiative. As members can see, we have been active in promoting youth employment in a significant way. Young people constitute the future of this province and we are acting now to safeguard and enhance that future.

The other major component of our long-term job creation efforts relates to the use of unemployment insurance funds for development purposes. Rather than having unemployed workers suffer the demoralization that accompanies joblessness, we are endeavouring to promote job creation projects utilizing both public and private sector sponsors that will put these people back to work. These projects will also ensure that when the local economy revives, the work force will not have drifted away to other centres or to other provinces but will be available to meet the local demand and thus prevent potential loss of production through lack of a qualified and available labour force.

Development projects under section 38 of the Unemployment Insurance Act are designed to provide to UI claimants useful work of long-term community benefit, which will also maintain their individual skills and retain a skilled work force in the community. Project participants receive an enhanced UI benefit of \$240 a week, plus a further supplement of \$60 a week from the provincial government. The province also provides project sponsors with up to \$60 a week to cover the costs of the employer portion of workers' fringe benefits, and up to \$120 a week towards related project costs.

Projects to date have included reforestation, reclamation of abandoned mine sites, rehabilitation of park land, enhancement of fisheries, agricultural resource inventories and no-cost residential energy assessments. The ministries

of Agriculture and Food, Natural Resources and Energy have either directly sponsored section 38 projects or established programs to encourage local groups to sponsor projects. The Ontario Manpower Commission works with the Board of Industrial Leadership and Development to develop these co-operative projects with the federal government. The OMC maintains an ongoing liaison with federal officials, distributes information to provincial agencies and assists them with their applications to BILD.

To date this year, about \$20 million has been allocated to provide provincially enhanced funding for section 38 projects, and the Treasurer has now announced a further \$5 million as part of the new job creation initiative.

10:10 p.m.

The primary focus of the commission's work traditionally has been on training. This is appropriate in so far as the long-term economic growth of the province can be assured only by the full development of our human resources. While it is difficult to maintain a focus on this priority matter in times of high unemployment, the downturn in the economy represents an important opportunity for investment in training when our productive resources are not committed to their regular activities.

We need to be more inventive about supporting training activities throughout the business cycle and this is an issue to which the manpower commission is now turning its attention. It is playing a central role in stimulating and co-ordinating projects funded in part under section 39 of the Unemployment Insurance Act which provide for the continuation of benefits to unemployed workers on unemployment insurance provided they are enrolled in approved training programs.

Benefits can be extended for the length of the training program, up to two years. This provides an important opportunity for the retraining of unemployed workers who, because of skills obsolescence, are unlikely to be rehired in their own jobs even when the economy recovers. Such workers would eventually exhaust their unemployment insurance benefits and fall back on social assistance or other forms of support.

Instead of waiting for benefits to run out, workers can be referred to training programs and have their benefit period extended while they are involved in the useful activity of preparing themselves for new jobs. Thus, section 39 activities provide useful complements to

the new federal-provincial job creation program for UI exhaustees.

Under section 39, an unemployed worker could receive either classroom training at an educational institution or practical on-the-job training. Projects involving on-the-job training would obviously require the co-operation of management, labour and education. To this end, the Ontario Manpower Commission has established a tripartite subcommittee to investigate the possibilities for expanding section 39 activities. In order to provide financial support for training costs over and above the UI benefits for trainees, the province has allocated \$5 million as part of its new job creation initiatives.

The manpower training responsibility of government requires close collaboration between the federal and provincial levels. I am pleased to report that the Ontario Manpower Commission, with the Ministry of Colleges and Universities, was instrumental this past summer in negotiating amendments to the National Training Act and the subsequent three-year, federal-provincial training agreement. The National Training Act reaffirms and expands government's commitment to training and emphasizes federal-provincial co-operation and consultation.

Another thrust of the new program is to orient training more closely to the needs of the labour market, particularly the needs of high-technology growth industries. Under the new agreement, there is also an increased allocation of training dollars to provide skills that are directly related to jobs. The federal-Ontario training agreement allocates approximately \$135 million for institutional training in 1982-83, an increase of 10 per cent over the previous year, and approximately \$63 million for 1982-83 to stimulate training in industry which represents an increase of 35 per cent over the previous year.

In 1981-82, approximately \$13 million was spent in Ontario in critical skills training in industry. In 1982-83, the allocation has been increased to \$36 million, representing well over one half of the industrial training allocation. This indicates a clear emphasis on providing longer-term, high-level skills training for prospective electrical and electronic technologists and technicians, tool and die makers, welders-fitters, computer programmers and analysts, machinists, mould makers, avionics and aircraft technicians, and construction equipment mechanics.

The National Training Act also provides for continuation of basic academic and work skills

aining that leads to employment. Ontario will so be eligible for funds of approximately \$108 million in the period 1982 to 1984 under the national skills growth fund which provides funds for the creation and upgrading of training facilities.

Application has now been made for \$27 million of this amount to finance both the purchase of new equipment and the construction of in-house facilities necessary to train our workers in newly emergent technologies. Projects receiving the approval of the Ministry of Colleges and Universities and subsequently the federal-provincial joint committee are delivered through the community colleges.

Under the National Training Act, the Canada Employment and Immigration Commission is developing a national manpower forecasting system, COPS—the Canadian Occupational Project System—for use in identifying critical occupations on a regional basis. The Ontario Manpower Commission continues to be a leader in the development of comprehensive labour-market forecasting systems.

I think it is fair to say that the federal government will be heavily dependent on the expertise developed in the provinces in this area, particularly Ontario, at least for the first years of operation of the national system. For our part, the commission will be assisting the federal government in the development, quality control and refinement of COPS.

As well as developing forecasts of the overall provincial labour market, the manpower commission examines labour market conditions in selected industrial sectors. The microelectronics field is one of particular interest. The commission is concerned that adequate supplies of skilled personnel will be available to maintain the leadership position of the Ontario microelectronics industry; that sufficient trained personnel are available to ensure the effective application of microelectronics technology in other industries; and that workers displaced by microelectronics technology will be able to find new employment with a minimum of economic and social cost.

To this end, studies have been carried out in conjunction with the Ontario task force on microelectronics in the labour markets of the microelectronics and information processing industries. An overall report on these studies was published in May 1981. Individual reports on the information processing and high-technology electronics industries were published in May 1982 and August 1982. In addition, the

commission is currently finalizing a preliminary report and feasibility study on the employment displacement effects of the automation of information processing.

As I have suggested, the implementation of the national training initiatives depends upon close federal-provincial co-operation. To this end, a joint consultative mechanism has been established to allow for discussion on a broad range of training issues. In addition to the main committee, a number of standing subcommittees have been formed dealing with institutional training, industrial training and labour market information.

The chairman of the manpower commission acts as the provincial co-chairman of the new joint consultative committee. The Ontario Manpower Commission also has representatives on all subcommittees in the new consultative structure and will continue to play a significant role regarding training policy.

In implementing the new national training program, as I have indicated, a high priority is being given to the expansion of industrial training to complement the institutional training system already largely in place. To assess the extent of industrial training being provided in the province, in 1980 the Ontario Manpower Commission conducted a survey of the 60 largest manufacturing and processing companies. The survey revealed that only approximately 55 per cent of hiring needs in nine highly skilled occupations during the 1977-80 period were met internally through training.

Last year, the Premier (Mr. Davis) hosted a luncheon for about 50 chief executive officers of these large corporations regarding the issue of skill shortages. He emphasized the need to train for self-sufficiency. An OMC follow-up of the same companies concluded that the majority were continuing to rely on the broader labour market for the bulk of their hiring needs.

This obviously represents an unsatisfactory situation, and the manpower commission has been addressing ways in which it can be remedied. Some companies have failed to develop satisfactory in-house training programs because of their inability to plan for their skilled labour requirements in a systematic way. In order to encourage companies to undertake more in-house planning and to facilitate their efforts, the manpower commission has taken a number of significant initiatives.

In June 1981, the manpower commission co-hosted, with the Canada Employment and Immigration Commission, a human resources

planning conference for personnel executives from across Ontario. More recently, the manpower commission has developed a comprehensive human resources planning system which allows companies to identify their future human resources needs and to plan programs to address these. This planning system has been made available to employers without charge.

The manpower commission is currently developing materials to train the field staff of various federal and provincial agencies in human resources planning techniques related to the commission's planning system. This information can then be passed along to a greater number of employers. In addition, the commission is currently completing a survey on the human resources planning practices of 5,000 of Ontario's largest employers. This information

will be available shortly. The response of the private sector to the commission's initiatives in this field has been most encouraging.

The Vice-Chairman: Mr. Minister, we have the bell. I assume we are going to vote.

Mr. Sweeney: How much is left?

Hon. Mr. Ramsay: On manpower, I have seven more pages.

Interjection: We don't have time to do that.

Mr. Sweeney: No, no. We might as well leave it.

The Vice-Chairman: This is a reasonable place to adjourn. We will adjourn until Tuesday evening at 8 p.m., when we will reconvene to consider the rest of your statement.

The committee adjourned at 10:21 p.m.

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No. R-43

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Tuesday, January 18, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, January 18, 1983

The committee met at 8:15 p.m. in room 151.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: I call the meeting to order. We apologize for the need to move; however, I think you already have realized the reason. It is much more comfortable. Is this the hot spot in the whole House, or the warmest spot? Hot spot is not the right word I am sure.

We are carrying on with the estimates of the Ministry of Labour. As I understand it, the minister is to carry on with his remarks tonight, then, time permitting, Mr. Mackenzie will respond. Is that the schedule on which we are all agreed?

Agreed.

Hon. Mr. Ramsay: Mr. Chairman, will you give me just a moment to find my place here? I had it all marked and then we made a move. While I am finding my place, perhaps I could mention we are all delighted to see you back hale and hearty after your cold bout before Christmas, and we hope that you are back to full and complete health.

I would like to introduce the two people here at the table with me. To my far left is Dr. Ann Robinson, assistant deputy minister of occupational health and safety; and on my near left is Mr. Vic Pathe, assistant deputy minister for industrial relations. The deputy minister, Tim Armstrong, will be here in a few minutes, as will Nick Ignatieff, who is the assistant deputy minister.

I think I would like to take just a moment, if I may, to explain their absence because it does tie in with these estimates. You may have read in the press about the passing of Mrs. Joan Nankivell last Friday. Tim and Nick are visiting the home of the Nankivells this evening.

Joan was a very valued member of the ministry staff and was the first director of the women's affirmative action program. She was the quarterback, so to speak, of the preparations for these estimates. She had been ill for quite some time, but refused to take things easy. She came in under some very difficult circumstances and was with us until right before Christmas, playing the major role in preparing

all the material for the estimates. She passed away at the age of 46 on Friday; and it has left a major hole in our operations, I can tell you that.

Mr. Wrye has asked if he could have a copy of the speech to follow along with tonight, rather than wait until my remarks are concluded. I have no objection to that. If any other members of the committee wish to have that too, the clerk could perhaps hand out the copies for those who wish to have them.

I shall be starting on page 108. We had discussed the inflation restraint program and occupational health and safety and had started on the manpower section. The manpower section started at page 80, and I am picking it up at page 108.

To continue: In addition, the commission has completed its review of the issues related to industrial training for high-level skills and has reached some important conclusions on how we should proceed to develop our industrial training base over the next few years. The essence of its conclusions is that the province should now seize the opportunity represented by the implementation of the new federal-provincial national training program to expand industrial training.

In particular, the province will participate with the federal government in determining which skills need to be developed; in setting of industrial training priorities; planning and delivery of industrial training programs; monitoring and assisting in the development of training courses; and evaluating the impact of the industrial training programs, particularly in terms of expanding the industrial training base in the province.

Employers who undertake training for high-level skills are now eligible for federal subsidy at levels of 75 per cent for the first year of training and 50 per cent for each of the succeeding two years. I am pleased to note that despite the current economic difficulties, our most recent figures indicate that there are over 5,560 trainees and approximately 1,700 companies taking advantage of this program.

Finally, the commission has suggested that the government of Ontario should notify the private sector that although it expects respon-

sive action to the new federal-provincial training initiatives and the enhanced training subsidies now being offered, it will continue to review with the federal government other measures that may be required in the event the ongoing evaluation of the national training program indicates a failure by employers to meet their training responsibilities.

I have spoken at some length about the work of the Ontario Manpower Commission in the areas of job creation and training. It is natural to focus on these issues at a time of economic distress and when joint federal-provincial efforts are being mounted in a substantive way, co-ordinated by the Ontario Manpower Commission. Nevertheless, it is vital that while we address the mainstream of our labour force needs, we maintain momentum in the development of economic opportunities for the most disadvantaged parts of the labour force.

I have mentioned our youth employment programs directed at that group with such high unemployment rates. There are other disadvantaged groups, however, and to these the manpower commission is also directing its attention. The OMC is currently developing employment strategies for the disabled and for native people. A background report entitled *Employment and the Physically Handicapped in Ontario* was released last year and an employment strategy will soon be produced. Further work on the psychiatrically and developmentally disabled is now being started.

Incidentally, ladies and gentlemen, those who are following along, please bear in mind that this statement was issued in December and was intended to be used in December, so where it says "earlier this year" and things of that nature, please appreciate that it would be referring to 1982. Where it says "next year" it will be referring to 1983. I'll try to catch that as I go along.

A background study on the employment of native persons in Ontario is being finalized and will be presented to the manpower commissioners for their consideration at the first meeting in the new year. This will be accompanied by a strategy for promoting employment opportunities for natives.

There are two other groups which, with somewhat different employment problems, are also being studied by the OMC—women and the aged. With respect to women, the staff of the commission has completed its background work, which reviews the employment dimensions of the female labour force as well as government

programs currently in place to address the needs of women. This background study is now being reviewed by the newly appointed commissioners. I anticipate the report will be finalized early this year. The commissioners will also review an employment strategy for women at their next meeting, and I hope to have their recommendations to cabinet shortly thereafter. That meeting, incidentally, was held today.

There has also been some interest recently in the employment problems of the aged, particularly relating to mandatory retirement provisions. The Ontario Manpower Commission is investigating the possible implications of extending the age provisions under the Human Rights Code with respect to employment upward from the current ceiling of 65 years. The upper age limit enables employers to impose mandatory retirement. At issue are various human rights, labour market adjustment and pension issues.

The Ontario Manpower Commission is pursuing a research agenda that places the issues and arguments in context. Its report will review current and forecasted population and labour force demographics, retirement trends, the incidence of mandatory retirement provisions, the income characteristics of the elderly, the pension environment, and the policies or policy thrusts in other jurisdictions.

Mr. Chairman, as you can see, the work of the Ontario Manpower Commission is varied, covering job creation, employment strategies for disadvantaged groups and other areas besides. These are important areas of governmental action, and the Ontario Manpower Commission represents a unique and successful effort to involve the private sector, business, labour and education working with government to address these vital concerns.

I would now like to turn to women's issues. While I have referred to the Ontario Manpower Commission's forthcoming employment strategy for women, I would now like to turn to a thorough examination of the government's present approach to the issue of women and employment.

I freely admit that this is one of the most challenging and difficult aspects of my mandate. I am keenly aware of the many concerns that trouble us all with respect to the women in Ontario's work force. The wage gap, occupational segregation, limited career opportunities, job security in the face of rising unemployment rates and increasing automation, and the need for child care services are all common causes

for anxiety among working women and their families.

I understand that anxiety; and I understand, too, the need for government to do everything possible to alleviate the pressures experienced by women today. It is essential, however, for women to recognize that while expectations of government response are especially high during these difficult times, government cannot act alone, nor can it provide all of the solutions.

These are not simple issues. Indeed, they are highly complex and have their origin in a variety of practices, attitudes and expectations that are deeply ingrained in our society. There are, therefore, no quick or simple solutions. The status of women can be improved only when all sectors of our society work together to make the difference. Educators, parents, students, employees—including women themselves—management, labour and government all have a part to play if women are to achieve equal status with men in employment.

While government cannot work alone in finding solutions to the problems that limit full equality of opportunity for women, it can lead. I have no hesitation in telling you that I believe Ontario has been and continues to be a leader in the area of women's rights. Ontario, in 1963, was the first jurisdiction to establish a women's bureau. In 1956, Ontario brought in the first equal pay law in Canada. The Family Law Reform Act of 1975 set the pace for other provinces and other jurisdictions in protecting the rights of women in marriage breakdowns. Also in 1975, the women's bureau established the first affirmative action consulting service in Canada. In the public sector we were the first jurisdiction to establish corporate, numerical planning targets for our own ministries. The revised Human Rights Code is the first legislation to formally address the problem of sexual harassment in the work place.

I want to focus now on the ministry's approach to addressing the current concerns of women in the work force. Of primary and increasing importance is the problem of the present differential between men's and women's wages.

It is clear that no single policy or program can overcome a situation that has existed for so long and for so many reasons. This fact is supported by A Summary Report on the Male-Female Earnings Gap in the Ontario Labour Market, prepared for this ministry by Professor Morley Gunderson of the University of Toronto.

In his report Professor Gunderson identifies several major factors that affect the male-female

wage gap. These are: differences in education, training and experience; the tradition of occupational segregation—that is, the clustering of female workers in certain lower-paid jobs; and limited promotional opportunities for women. Gunderson concludes that when these factors are eliminated, the actual earnings gap attributable to wage discrimination alone narrows to approximately five to 10 per cent.

The problem of unequal pay for equal work is being directly addressed through the continuing efforts of the equal pay section of the employment standards branch. As you will recall, a special enforcement and communications program was established in March 1980. Since then, more than 1,700 women have been awarded a total of almost \$2 million in back pay and annual increments. I am encouraged by the fact that there has been an increase in both awards and recipients over last year.

However, in order to expand coverage of the present legislation to the benefit of more women, we are considering an amendment to the Employment Standards Act to allow for a composite approach. As you know, the present legislation requires factor-by-factor comparison. A composite test would enable the ministry to compare similar jobs with different degrees of skill, effort, responsibility and types of working conditions.

8:30 p.m.

Since occupational segregation—that is, the job ghetto phenomenon—is the single most important factor underlying the difference in male-female earnings, the government's major thrust has been towards the provision of equal opportunity in the work place. Certainly, the fact that most women are concentrated in three of the lower-paid occupational sectors—clerical, service and retail trade—is a major problem.

It is clear, as I said earlier, that no single approach will effect a major shift in this long-established educational and employment pattern. Thus, the labour policy for women consists of many techniques or what has been called "the arsenal of weapons" approach.

With respect to equal opportunity, the government itself is taking the lead as an employer in implementing a results-oriented approach to affirmative action. The first two years of the new directive that initiated this numerical targeting concept have now been completed. The results are encouraging, especially at a particularly harsh time in the economy.

The 1980-81 annual report of the women crown employees office indicates that once

again women have increased their share of employment within the service and that women are continuing to increase their representation at senior and middle management levels.

As you know, the objective of the government's affirmative action program is to diversify the occupational distribution of women in those areas where women comprise less than 30 per cent of the population. I am pleased to say that the preliminary 1981-82 figures indicate there was an improvement in women's participation in nine out of the 10 underrepresented modules and categories.

For example, the administrative module, which contains a large number of the middle management positions, is steadily approaching the target of 30 per cent representation. Another area where positive results are showing up in the public service is in our executive levels. In the last five years women increased their representation in the executive levels from 3.9 per cent to 6.9 per cent, and this was achieved at a time when the total number of executives declined by 14 per cent.

The wage gap, which the program addresses through the long-term object of diversification of women's occupational distribution, has maintained a level of 72 per cent despite the advent of significant budgetary constraints, recruitment freezes and lower vacancy rates. Preliminary figures for 1981-82 indicate an even better picture, a further decrease in the wage gap of 1.6 per cent, which is the single greatest improvement in any one year.

While this level is still too low, a significant comparison can be made between the average annual earnings of women in the public service and those in the private sector. In 1979, the most recent date for which earnings data are available, women in the private sector earned on average \$11,741. In March 1982 the average annual earnings of women in the service were \$18,003.

The realities of the present-day human resources management in government are fewer vacancies and reduced size of the service, which make the implementation of a successful affirmative action program not only essential, but a real and complex challenge. It is a time to concentrate our efforts on career development initiatives and staff development to ensure that a larger internal pool of qualified women is available for the vacancies that do occur in underrepresented occupations.

To this end, the accelerated career development segment of the affirmative action program

has been designed. Ministries are encouraged to provide accelerated career development to a minimum of two per cent of their women. The 1980-81 report shows that over five per cent, 1,455 of the women in the service, benefited from this initiative, with many ministries providing considerably more than the five per cent average.

In addition, the ongoing staff development activity across government is showing a positive trend in women's participation in courses. Figures now being analysed for 1981-82 indicate that over 46 per cent of the participants were women, an increase of six per cent in one year. Women are also participating more in management and supervisory courses.

The women crown employees office is now examining the program, including the method of establishing numerical planning targets and the results it has produced to date, with a view to modifying the program's goal and determining where special emphasis is required to improve upon the steady progress already made.

During this last fiscal year work has also continued in the area of examining the government's personnel policies and practices to identify issues that affect women's advancement and recommend changes to the Civil Service Commission. As a result, a new policy on harassment in the work place, which ties in with the new Ontario human rights legislation, will soon be published. Recommendations were accepted to eliminate sexist language in Civil Service Commission documents, publications and training materials and to develop job evaluation systems free of any sex bias.

Input was also provided to the Civil Service Commission on the concerns of women surrounding working conditions in the field of office technology and on maternity leave provisions.

The government is equally committed to ensuring that equal opportunity is a reality for women in the private sector. The promotion of affirmative action among private sector employers is a primary endeavour of the women's bureau. In order to assess the affirmative action activities of its growing client group of employees, the bureau has conducted a second survey of 342 of Ontario's organizations employing 500 people or more. The results show that 100 of the 198 employers who responded reported involvement in affirmative action policies and activities.

Let me describe several effective strategies that were reported by employers through the bureau's survey: career development programs

for women; training programs particularly designed to ensure access for women to nontraditional jobs; the review and revision of personnel policies and procedures in order to eliminate systemic discrimination; and the active recruitment of women into nontraditionally female occupations.

I want to emphasize, however, that the affirmative action activities reported in the survey do not represent all known employer involvement in Ontario. The women's bureau has to date assisted 204 major employers in the development of affirmative action strategies. This represents a substantial and encouraging increase over the client group of 170 who were involved the previous year.

It is important at this point to put these numbers into perspective because I believe they indicate significant progress. The potential client base, that is the number of organizations operating in Ontario and employing more than 500 people, is 896. These 896 larger employers are the primary target group of the women's bureau. They are particularly important because they tend to be the pacesetters who establish lead policies that smaller employers will follow. Convincing this group to implement affirmative action activities is also important because their actions affect large numbers of women employees.

To ensure that more employers become involved in implementing affirmative action activities the ministry has allocated additional resources to the bureau's affirmative action consulting service and, at present, eight people are engaged in program development and implementation compared to four last year. These consultants are noting the encouraging results of employers' affirmative action initiatives.

8:40 p.m.

For example, Imperial Oil reports that since 1975 women in management, professional and technical categories increased from 83 to 833 and women at the professional level have increased from 19 to 260. Control Data Ltd. reports that since the introduction of their affirmative action program in 1979 women in senior management have increased from six to 23 and in professional, technical and engineering jobs from 36 to 72. Sun Life also undertook affirmative action in 1979. At the officer level, the number of women increased from four to 17, while professional and technical representation increased from 241 to 289.

The Toronto transit system began its affirmative action program in 1980 and was particularly concerned with increasing the representation of

women in the nontraditional occupations of maintenance and vehicle driving. In 1979, no women were employed in these areas. Since 1979 the Toronto Transit Commission has hired a total of 160 women into traditionally male-dominated occupations. Of these, 68 are drivers of buses, streetcars and subway trains and nine are employed in maintenance jobs. An additional 30 women are now in a pool of trained potential drivers.

Employers are also recognizing the potential for economic benefit. Savage Shoes in Cambridge tells us that as a result of their affirmative action program they have experienced lower turnover and lower absenteeism among women staff. Savage Shoes now employs some 257 women in unskilled, semi-skilled and skilled nontraditional plant jobs. Of these, five women occupy the position of plant foremen.

In order to allow those responsible for affirmative action programs in the private sector to share ideas and information, the bureau has established two highly successful networks. As well, it recently sponsored two courses on affirmative action program management which, according to participants, were extremely helpful. During the past year it has also distributed more than 30,000 affirmative action publications, an increase of 9,000 over 1980-81. This increased demand demonstrates not only the relevance and quality of the material, but a heightened interest in affirmative action by employers.

As part of the consultative process, the women's bureau will continue to promote labour and management co-operation in the development of affirmative action plans, and in an effort to reach even more employers, it will intensify its efforts to work co-operatively with employers' associations which are themselves in a position to promote affirmative action to their members.

As I have described it, the role of the bureau's affirmative action consulting service is to take an aggressive, pro-active approach to voluntary compliance of affirmative action. I want to point out, however, that the Ontario Human Rights Commission plays a complementary role in addressing the part that sex discrimination plays in occupational segregation. Where it is deemed to be appropriate, the human rights commission will work into its conciliation efforts the establishment of an affirmative action program. This practice has been successful in numerous cases in introducing affirmative action principles and improving job opportunities for women.

I am fully aware, however, that more needs to be done. I have appreciated the efforts of the Advisory Council on Equal Opportunity for Women. This body, as you know, consists of representatives from labour and management, as well as the women's bureau. It makes suggestions on how best to encourage the implementation of affirmative action among a wider range of employers and unions.

Last spring, the council submitted to me its Three-Year Report on Affirmative Action, which contained a number of recommendations, one of which related to mandatory affirmative action. In my response to council members, I said that while I clearly recognized the need for employers to increase their efforts to promote equal opportunity, I believe that it is preferable to continue to encourage voluntary action.

This ministry has studied the legislative options in some depth, especially that of contract compliance. The implications of such an intervention by government raises a number of important and practical questions. For example, how would mandatory affirmative action, with prerequisites for goals and targets, affect existing seniority systems? How would contract compliance be implemented in the context of interprovincial labour markets? While my ministry will continue to study the issue of contract compliance as part of our ongoing commitment to eliminating all forms of employment discrimination, it is my view that increased and continued effort in support of voluntary involvement is the best available strategy.

Bureau consultants report that employer resistance to affirmative action is often caused by the many misconceptions associated with the term itself, as well as by a lack of understanding of its potential for economic benefit. I have already described the initiatives adopted by bureau staff to promote understanding. In this regard, the advisory council, too, has undertaken a number of significant activities. They held regional meetings last year in St. Catharines and Kingston to exchange views and information with management, labour and community representatives with regard to equal opportunity for women. Further meetings are planned for Windsor, Peterborough, Ottawa and Kitchener this year.

Also, the council has met with associations representing employers in the private and public sector and with senior government officials to discuss the implementation of affirmative action by employers.

The women's bureau has undertaken other

important initiatives designed to encourage the employment of women through a broader occupational spectrum.

Given the increasing introduction of micro-electronic technology to the work place, it is becoming increasingly important for women to receive appropriate career counselling and training so that they will be encouraged to expand their career options to meet the emerging skill requirements of business and industry. The bureau's outreach section addresses this need by providing a consulting service to government and community organizations that deliver vocational services directly to women. Counsellors in these agencies are encouraged by bureau staff to assist women to identify skills that may be transferred to nontraditional jobs where employment opportunities are greater.

The bureau also develops and distributes numerous resource materials to assist career counsellors and individual women to make appropriate career decisions.

The special needs of women in the north are addressed through the bureau's Thunder Bay office. Since that office opened just over a year ago, bureau staff have provided relevant training and employment information to women in both urban and remote areas through workshops, speeches and the cable TV system.

During this year the bureau's co-operative efforts with other sectors and agencies will be continued and increased. At present, it plans to bring together representatives of business and industry with guidance counsellors to allow an exchange of views and information with respect to women in the work force.

The new National Training Act, developed in recognition of the urgent need for technically skilled people, identifies women as a special group. In the coming months continuing federal-provincial interaction will ensure the provision of appropriate training opportunities for women.

As I have mentioned, the Ontario Manpower Commission will complete in the near future an employment strategy for women which will further define and enhance our established labour policy.

I want to take a moment now to discuss the equal value approach, which has received wide attention during the past months. Unlike the present equal pay legislation, this concept requires the comparison of entirely dissimilar jobs.

In view of the attractiveness of the equal value concept to those who sincerely search for an end to pay disparities between men and women, I think it is important for me to outline

in more particular terms the questions that, in my view, have not been satisfactorily answered.

Our studies of the most comprehensive analytical literature available have raised a number of complex and important problems related to the operation of the labour market. For example, what would be the effects of government intervention into a wage and salary structure that is determined, to a large extent, by labour supply and demand? In particular, what would be the impact on the financial capacity of Ontario industry to participate in an economic recovery and to compete in international and domestic markets?

In the United States, the Equal Employment Opportunities Commission, EEOC, has commissioned an investigation of the feasibility of a universal job evaluation system for all industries. Similarly, we would have to develop methodologies to analyse the large variety of existing job evaluation schemes in place among the larger employers.

Other methodologies would have to be designed and tested for application against the large number of small and medium-sized businesses throughout the province that do not have any formal job evaluation systems. Systems would also be required to ensure the comparability of all of these methods of job evaluation.

Although considerable progress has been made in developing job evaluation techniques, the notion of a comprehensive, all-embracing and universally applicable job evaluation system in an economy as diverse as Ontario's poses a major set of practical and theoretical problems.

We must also consider carefully the effect of equal pay legislation on labour-management relations and collective bargaining. At the 1979 convention of the American Federation of Labour-Congress of Industrial Organizations, Sol Chaikin, the respected president of the International Ladies' Garment Workers' Union, spoke reluctantly against an equal-value resolution. He cautioned that theoretical principles fail to acknowledge the realities of the marketplace, now international in scope, and its role in determining the value of work.

Mr. Chaikin said: "The value of"—women's—"work isn't set by theoretical principles, but on the value of the work in the marketplace and in the fact of competition from overseas, where garment workers make 30 cents an hour. Just to pass a resolution grounded on pie in the sky, to be on the side of the angels, doesn't mean a thing."

3:50 p.m.

Equally serious questions are raised by expert and neutral commentators on the potential effect of equal value on unemployment rates for women. This is especially valid at a time of serious economic recession, when unemployment rates are high and when the automation of many job functions performed by women may become an increasingly attractive alternative to higher labour costs.

On a technical level, what rigidities would the equal value concept introduce into the marketplace? Would resulting wage rates have a negative effect on the ability to attract or retain workers in the desired occupations? What then would be the impact on the skill shortage we are facing in Ontario?

My concerns about the efficacy and practicality of the equal value legislation have not been reduced by the conclusions reached in an important study entitled *Women, Work and Wages: Equal Pay for Work of Equal Value*, published by the National Research Council in the United States. After two years of concentrated study by some of the most knowledgeable persons in the US, this report concludes that while the concept of equal value merits further consideration, it "cannot be viewed as a panacea."

To me, the most important conclusion reached by both the US study and the one conducted by Gunderson, which I mentioned earlier, is that equal-value legislation can have no effect on compensation differences arising as a result of nondiscriminatory factors based upon productivity, experience, education, age, occupational distribution and the like—the very factors that account for the significant component of the wage gap.

These are the concerns and questions that remain unresolved following thoughtful consideration and thorough study of the equal value approach. Because equal-value legislation has yet to be proven as a solution, I believe that the wisest and most responsible course of action now is to continue to address the problem of wage disparity through the range of measures I have described earlier. Taken together, they represent, I believe, an effective and responsible approach to the complex concerns of women in the work force.

I would now like to move to handicapped employment. In the field of handicapped employment I believe that we have made significant progress since the handicapped employment program's inception in April 1978. During 1981 the International Year of Disabled Persons brought the focus of attention on the many

problems facing disabled persons. As a result, the program, with a mandate to promote affirmative action programs in the private sector, experienced a decided increase in interest to develop employment initiatives for physically handicapped persons.

This positive recognition of disabled persons' capacities was further reinforced when the Ontario Human Rights Code was amended to provide, among others, protection of the rights of disabled persons in employment. This legislative change has increased the protection of disabled persons and their rights vis-à-vis employment.

Last winter we appointed a task force on employers and the disabled to respond to a common question by employers during the international year of the handicapped about what action they would take to improve opportunities for the disabled. We also wanted to re-emphasize our support for voluntary action in the private sector and government's continuing commitment to the objectives of the IYDP. Jean Pigott of Ottawa was chosen to head the task force because of her record of public service in this field and her experience in contacting 200 major employers on this issue for the Canadian organizing committee of the IYDP. I expect to receive her report early this year.

The voluntary approach the handicapped employment program takes to employers has gained momentum, with 176 employers across the province developing active programs to improve employment of handicapped persons. We are also impressed by the community-based response as reflected by the development of 12 regional planning committees working closely with the handicapped employment program to co-ordinate local support to employers developing programs.

During the past three years many significant initiatives have been undertaken in contacting employers and other key groups, including organized labour, health professionals, local agencies, consumer groups and educators, and in responding to their initiatives. In some communities, the handicapped employment program has taken a lead role in developing community-based projects with a view to increased co-ordination of service planning and delivery to promote disabled employment.

In Hamilton, for example, where the ministry has had an active pilot project for several years, a conference of disabled consumers was organized last summer. Support was given to the development of a new community council on

employment of the disabled, which had its inaugural meeting in October. We have indicated our willingness to provide a grant to the council to develop a model for co-ordinated job placement services. An independent evaluation of the impact of the Hamilton project has begun under the guidance of a community steering committee.

In Ottawa a grant was given jointly by our ministry and the Ministry of Community and Social Services to develop a model of co-ordinated placement services. A series of conferences on employment of the disabled is planned for northern communities over the next few months in recognition of the vital role that locally based initiatives play in creating job opportunities and providing service support to employers and consumers.

Funding support has also been provided to the conference on employment just held by PUSH—People United for Self-Help—the new provincial umbrella organization for disabled consumers.

The handicapped employment program has developed an active and productive relationship with organized labour and has provided funds and information support to the Ontario Federation of Labour to develop a pamphlet on disabled workers for distribution to their membership. The program is presently gathering information on collective agreements to evaluate their impact on the disabled employee.

As a part of its professional outreach initiative, HEP has co-sponsored events with such professional associations as the Ontario Medical Association. These events have been most helpful in understanding the key role health professionals play in employment of disabled persons.

Recently, HEP has undertaken, in co-ordination with the Workers' Compensation Board, the occupational health and safety division and the Ontario Human Rights Commission, a study of the assessments done to establish the fitness of an individual for work, and to explore such terms as "light work" more fully. I anticipate receiving a report of the findings of this inquiry within the next few months.

The program has also been engaged in updating and developing improved information for distribution to employers, health professionals, agencies, disabled job seekers, organized labour, educators and the public at large. The program also continues to informally place disabled job seekers—over 100 last year.

I now turn to the area of human rights. As honourable members are aware, Ontario has

been a leader in the fight against discrimination. We were the first jurisdiction in Canada to enact a comprehensive code on human rights in 1962, and our commitment to fostering a climate of understanding and mutual respect for the dignity and worth of every person without regard to race, creed, colour, ancestry, place of origin, citizenship, ethnic origin, age, sex, marital status, family status, handicap, receipt of public assistance or record of offences is confirmed in the Human Rights Code that was proclaimed last June.

Although the new code is widely recognized as the standard for human rights reform, the ministry is continuing to review two major policy areas in order to make recommendations to me with respect to possible future initiatives. During the debate on Bill 7 it became evident that the question of mandatory retirement at age 65 was a complex one, which elicited conflicting views. The new code provides protection from discrimination because of age, which is defined as 18 and over for all areas except employment. In employment, protection is limited to those between the ages of 18 and 65.

My predecessor referred the issue of mandatory retirement to the Ontario Manpower Commission, with a request that it investigate the implications of extending the age provisions of the code to protect persons over age 65 from discrimination in employment. As I noted earlier, this study, which will be completed later this year, is examining the impact of such a change on pensions, collective bargaining, and supply and demand characteristics of the labour force.

9 p.m.

The other issue raised during debate on Bill 7 was the restriction of athletic and sports activities on the basis of sex. In the light of the strongly held views on both sides of the issue, it was referred to a task force for further study. Mr. John Sopinka, a well-known and respected lawyer in the field of human rights, was appointed to head this study with pentathlon athlete Debbie Van Kieckebelt and marathon swimmer Cindy Nicholas serving as advisers. The report is expected this year.

I am sure that members of the committee will be interested to know that in the four months following proclamation 83 complaints relating to the new prohibited grounds of discrimination were filed. This represents 41 per cent of the total of 201 complaints filed during this period.

Allegations of discrimination because of handicap represent the largest category of new

complaints, 47 per cent of all new cases. In recognition of this concentration of new cases, a unit consisting of a manager and three human rights officers was established to give administrative directions to programs designed to eliminate discrimination because of handicap. It is responsible for giving expert advice on all compliance matters, research and educational activities relating to this new ground of discrimination across the province. Its specialist staff also handles complaints that involve particularly complex issues.

The number of human rights officers has been increased by 10 to enable the commission to deal with cases more quickly and effectively. These measures have helped to achieve a significant increase in the number of complaints closed during fiscal year 1981-82. One thousand cases were closed, a 12 per cent increase over the total of 893 for the previous year. This is the highest number of formal cases that the commission has ever completed in a one-year period. This increase in productivity allowed the commission to reduce the number of active cases from 994 in April 1981 to 691 in April 1982.

The length of time required to close a case has also decreased over the past year. In 1980-81 the commission introduced several new streamlining procedures and organizational changes to achieve more efficient and expeditious case resolutions. These initiatives have been reinforced this year to enable the commission to handle its new mandate more effectively.

In recognition of the heavy case load and the need for more ready public access in the Metropolitan Toronto area, the commission has decentralized its administrative activities and created two additional regional offices, Toronto East and Toronto West. I was pleased to participate in the openings of these new offices in Scarborough and Mississauga. As of July 30, 1982, 42.2 per cent of all complaints have been closed within six months or less, compared with only 36 per cent at July 30, 1981. Complainants and respondents alike have responded favourably to the swifter and more effective procedures now in place to resolve complaints.

During fiscal year 1981-82, 43 boards of inquiry were appointed, a decrease from the 57 appointed the previous year. This is a further indication that the new compliance procedures are resulting in a greater proportion of cases being resolved through settlements agreed to by the parties than formerly. Additionally, during 1981-82, 42 hearings were completed, making a

significant increase from the total of 15 in 1980-81.

As members know, an essential component in the promotion of a society that recognizes the equality of the individual and encourages each person to contribute to its development is an aggressive program of public education. This program was particularly important as the new code was launched and has been given a high priority by the new chairman.

Canon Borden Purcell was appointed chairman of the commission in February. He has participated in some 150 speaking engagements throughout the province involving community groups, law enforcement agencies, the business community, religious institutions, service clubs, labour organizations and organizations for people with handicaps. His efforts have been ably reinforced through the activities of the other commissioners.

As well, an educational campaign designed to increase public awareness of the new code has been undertaken through seminars, posters, newspaper advertisements, the commission's newsletter, radio commercials and explanatory brochures, including seven comprehensive guides to the new code.

I am pleased to report there has been an overwhelming response to the passage of the new code from all sectors of society. The commission staff have conducted over 350 seminars on the provisions of the new code and more than 300,000 pieces of explanatory literature have been distributed since June of this year.

In September the commission launched a systematic program of public education within the Ontario school system. Approximately 5,000 posters, promotional flyers and letters are being sent to all public and private elementary and secondary school principals in the province and the introduction of a series of television programs for classroom use is planned.

As the honourable members know, it is the legislative mandate of the race relations division of the commission to reduce and prevent racial, ethnic and religious tensions and conflicts at both the community and institutional levels. To further these objectives, the race relations division endeavours to enlist public support from all sectors of society.

Last May more than 800 people, including members of the cabinet committee on race relations, attended the division's open house. On this occasion, the division strategy document and a film, both entitled Working Together,

were released. The division has also published two handbooks this year, one to enable community groups to deal with the media, the other to enable the media to develop a network of contacts in the minority community.

The division works actively with community groups and business, industry and labour and other institutional representatives to initiate and implement race relations programs and develop new strategies. In the last fiscal year the division carried out 183 tension and conflict mediations and 297 consultations. In addition, 63 major projects were conducted to assist institutions, such as schools and law enforcement agencies, to incorporate race relations and human rights programming in their service delivery.

It is apparent that the education system plays an important role in shaping the attitudes of our young people. To assist in the development of race relations policies, last January the race relations division, in co-operation with the Ministry of Education and the boards of education in the Metropolitan Toronto area, held a conference.

In early February the division co-sponsored with the Ontario Police Commission a police training workshop at the Ontario Police College in Aylmer in an effort to develop new race relations initiatives in that sector. Representatives from various police forces attended. As a follow-up to the Aylmer meeting, a new race relations training resources text is being developed by representatives of police forces in Ontario, together with the division.

A major project of the division last fiscal year was the continuation and expansion of its highly successful summer youth employment project for disadvantaged youth, which was started in 1980-81. It provided employment for more than 100 young people from various areas of high unemployment in Metropolitan Toronto. As in 1980-81, this program has been carried out with the help of local community and business groups, in co-operation with the Ontario youth secretariat.

The race relations division also continues to advise and assist the cabinet committee on race relations. Of particular note is the report of the Task Force on the Portrayal of Racial Diversity in Government of Ontario Advertising and Communications, which led to cabinet approval of the policy that government advertising and communications reflect the racial and ethnic diversity of the province. Last year the government also endorsed a comprehensive policy

statement on race relations. Plans are under way to ensure that it has wide distribution.

One of the important mandates of this ministry is the provision and enforcement of basic employment standards for workers in the province. I would now like to deal with that particular section.

It is one of our continuing responsibilities to ensure that employment standards reflect contemporary concerns and needs of the work place. The traditional approach taken to revising or introducing new standards has been to receive the various views of labour and management on such issues and review relevant legislation, including that of neighbouring jurisdictions. In times of economic difficulty such as these, it is, I maintain, particularly important for government to be vigilant in protecting the rights of members of society who may be less able to assert their own rights. That puts a particular pressure on the administration of employment standards.

9:10 p.m.

I know there are many who see in our current circumstances the rationale for a dramatic increase in the present basic legislated standards. One resolution to the recent Ontario Federation of Labour's convention called for an increase in the minimum wage to \$5.75, an increase of 60 per cent, with a provision to index that to the cost of living. Another resolution called for a reduction in the work week to 32 hours with no reduction in pay. By our calculations that sort of amendment would add 15 to 20 per cent to the annual wage bill of the province, a sum in the order of \$11 billion to \$14 billion. This is not to say that the problem of hours of work is not an important one. I did, in fact, correspond in the fall with my counterpart at the federal level, proposing a joint investigation on the question of hours of work and employment.

In considering the question of revisions to employment standards, one of the realities we only ignore at our peril is the fact that 11 per cent of the work force, or some 500,000 people, are currently unemployed. Those figures, of course, have gone up since this was printed. It is important, in my view, that we do nothing to jeopardize the job security or prospects of Ontario workers in pursuing our responsibility to ensure that employment standards are indeed current and fair.

As you know, in the speech from the throne reference was made to three possible amendments of the Employment Standards Act. I have already indicated that work on the equal pay

composite index test is under way. On the question of unjust dismissal, my colleagues and I, frankly, have reservations about proceeding on such a substantive amendment at this time. As an interim step, however, I have asked the industrial relations division to act on my behalf in attempting to resolve informally complaints of this nature that are brought to my attention. This was the approach taken, successfully, in the recent Pizza Crust case.

The matter of protection of wages and entitlements, such as severance pay in cases of business failure, is a particularly difficult one. I have corresponded on several occasions with the federal Minister of Consumer and Corporate Affairs, and my assistant deputy minister and other senior officials have visited Ottawa to determine whether federal action in this area will be forthcoming.

From the most recent correspondence from Mr. Ouellet I understand there is a good possibility of amendments to the federal Bankruptcy Act to provide additional protection through wages. None the less, my officials are working with the Ministry of the Attorney General to determine the best course of action the province could take if a federal response is not forthcoming.

Another area of long-standing concern with which we have been working with the Attorney General (Mr. McMurtry) is the use of lie detectors on employees or prospective employees. Early in the next session, assuming that this session will only last for another three weeks, I expect to introduce legislative protection against such practices.

In the important area of enforcement, the employment standards branch continues to experience a high volume of activity, with over half a million telephone inquiries last year, some 27,000 interviews and 15,600 formal complaints received. Overall, the number of claims satisfactorily resolved and the amount of benefits received by employees have increased over the past year despite the increase in difficult cases involved in bankruptcy and insolvency.

The number of outstanding cases, or backlog, has been of concern to the branch, and the ministry has provided additional funding to mount a temporary program with 13 officers to complete claims in the field over a six-month period. Together with a number of longer-term steps to improve operating efficiency, it is expected by the end of this fiscal year the case backlog can be reduced to below the equivalent of two months' intake of claims.

The employment standards branch has also been involved in several other policy development activities. On the difficult question of entitlement to wages by persons in sheltered workshops, an interministerial committee composed of representatives from the Ministry of Community and Social Services and the Ministry of Labour was established last year to examine who may be considered employees under the Employment Standards Act and, as such, entitled to the benefits of the legislation. Consultations were held with disabled consumers and workshop operators earlier last year, and while this matter has not proceeded as rapidly as I had hoped, I will be reviewing the matter with my colleagues in the next few months.

On the equally difficult matter of alleged discrimination in employment agencies, we recently distributed a discussion paper outlining various possible remedial approaches. I have asked for responses within the next two months and will be making particular proposals to my colleagues in the near future on this subject.

I would now like to turn to the ministry's responsibilities in the field of plant closure and employee adjustment, responsibilities that have been particularly onerous in the past year because of the regrettable increase in the number of employees laid off during the first 10 months of 1982 compared to the same period in 1981.

My ministry has, however, both ongoing and relatively new programs to assist the affected workers. As part of its ongoing employee assistance program, the Ministry of Labour, through the plant closure review and employment adjustment branch, participates in a program designed to help terminated employees find alternative employment.

One important mechanism is the joint consultative committee approach carried on in conjunction with the manpower consultative service of Canada Employment and Immigration. The phased-cost agreement between the two levels of government sets up a committee involving the employer and employees, with an independent chairman. Federal and provincial officials act as advisers to the committee.

The adjustment committee program established in 1981 has proved effective, as evidenced by the results achieved by 35 committees that have recently completed their programs. Of the 3,653 employees terminated in these enterprises, 1,927, or 53 per cent, asked the committees' assistance in finding alternative employment. A

total of 1,337 employees, 69 per cent of those who sought help, did succeed in finding some form of alternative employment, either directly or indirectly as a result of the committees' activities.

Unfortunately, the work of the manpower adjustment committees is affected by the current economic downturn. As a result, the committees are finding it increasingly difficult to place employees in alternative employment.

However, I am happy to report that my ministry's new employee counselling program is proceeding well, and plans are now being made to continue and, hopefully, expand this service. As you may be aware, this program provides job counselling assistance, with the co-operation of the Ministry of Colleges and Universities and local community colleges, for employees who have lost their jobs due to the partial or complete closure of their employer's place of business.

Since the inception of the counselling program, employees affected by the complete or partial closure of 22 companies have had, or are now having, the opportunity to receive professional counselling designed to help them find more stable employment. It is aimed particularly at addressing the special problems employees face when they lose their jobs on a permanent basis.

Some of the more encouraging successes include: a program at Canadian Admiral in Cambridge where, of the total of 452 employees terminated, 164 took advantage of job counselling; the Volker-Craig plant in Waterloo where, of 70 employees terminated, 44 participated in counselling; and Windsor Packing in Windsor where, of the 150 employees terminated, 71 participated in counselling.

While the government's present policy is to provide its counselling program to employees affected by plant closures and partial closures where at least 50 employees are involved, consideration is being given to expanding the program.

In addition to my ministry's employee counselling activities, a program is being developed that will provide smaller businesses that are in danger of closing with expert advice in an effort to prevent the closure. This program is a joint undertaking by the Ministry of Industry and Trade and ourselves.

As members are aware, severance pay legislation has been in effect since July 1981, with certain provisions retroactive to January 1, 1981. Since January 1981 there have been 80 cases of partial or complete closure in which

employees were entitled to receive severance pay. To date we have received complete information on 52 cases in which a total of 3,196 employees have received some form of severance pay totalling in excess of \$12.6 million. It is encouraging to note that this number includes some 40 per cent who did not meet the legal requirement for severance pay, but to whom employers, none the less, provided this benefit.

I wish to comment for a moment on the concerns raised recently by the leader of the third party with respect to the numbers of workers benefiting from the severance pay provision introduced under the Employment Standards Act. As those of us who were in the Legislature at the time Bill 95 was debated will recall, the objective of the severance pay requirement was clearly stated to be to compensate long-service employees affected by plant closures for their contribution to the company over the years and for the loss of substantial job-related rights and benefits. In this respect, the five-year service requirement is considered appropriate for recognizing longer-service workers.

9:20 p.m.

It is important to remember that only two other jurisdictions in North America, the Canadian federal jurisdiction and the state of Maine, have any legislated severance pay provisions. I acknowledge there has been difficulty in collecting severance pay owed to workers in the event of bankruptcy and insolvency; however, as I have reported in discussing employment standards, we have made various efforts, and will continue to do so, to seek a viable solution to this problem.

A major concern to those of us who served on the select committee on plant closures and employee adjustment was obtaining a better understanding of the socioeconomic effects of closures on workers, as well as their ability to find a new job. Over the past year this ministry has been active in initiating and supporting such impact studies.

It has conducted a survey of 1,736 employees affected in 21 closures across the province. The information gathered will provide an improved basis from which we can review current efforts and design future initiatives in providing assistance to workers in closure situations. The preliminary data from this survey have just been received, and I am prepared to share them with interested members. One finding of interest is that nearly three fourths of those surveyed had held a job at some time during the layoff. At the time of the survey, however, 54 per cent were

employed. Other portions of the study looked at job search techniques and effectiveness and a comparison, for those now employed, of their current job to the one held prior to closure.

A second study undertaken for the ministry focused on the social as well as the economic impact of the Armstrong Cork closure in Lindsay. This was a pilot project, the primary purpose of which was to test a research methodology for obtaining reliable information on the impact of a closure on the health and welfare of the workers. That methodology will be refined for use in other studies.

This case study found, incidentally, that 88 per cent of former Armstrong employees had found a job after the plant's closure in October 1980, a period when the economy of the Lindsay area was relatively buoyant. As of July 1982, when the interviews were conducted, 56 per cent of those surveyed were employed.

The data I have presented to you here are preliminary. Reports on the final results of these two studies are being prepared for release shortly.

In addition to the two projects I have already mentioned, the ministry also provided some financial assistance for the initial stage of the SKF closure study being carried out by Professor Paul Grayson of York University and for a case study thesis of the Beach Appliance closure in Ottawa.

I would now like to move to labour relations. No area of the ministry's activity is more important to the economic wellbeing of Ontario's working men and women, and indeed to the economy as a whole, than that of industrial relations. Under the framework of the Labour Relations Act, the Ontario Labour Relations Board has been constituted as a tripartite administrative agency. It epitomizes labour and management's capacity and willingness to work together in the resolution of often difficult labour relations disputes.

First established in 1944, the board continues today to play a pivotal role in achieving harmonious relations between employees and employers. We are fortunate to have on the board very experienced members representing labour and management, who are able to work closely together on a day-to-day basis to achieve the board's important objectives. The board is committed to fair and balanced administration of the Labour Relations Act, to the expeditious handling of all matters before it, and to the encouragement of voluntary settlement of differences, where at all possible.

The board is composed of 20 full-time and 24 part-time board members and vice-chairmen. It sits in panels of three and, for matters arising in localities more than 100 miles distant from Toronto, holds hearings in the closest major centre. In addition to its legal and clerical staff, the board employs 18 labour relations officers, whose primary function is to settle labour relations disputes, thereby avoiding the necessity of a formal hearing.

The board received a total of 2,749 applications and complaints, in addition to the 449 cases carried over from a previous year, making a total case load of 3,198 cases in 1981-82. Of this total, 2,608, or 82 per cent, were disposed of.

The labour relations officers assigned to attempt the voluntary settlement of applications and complaints filed with the board play a key role. They were assigned a total of 1,552 cases during 1981-82. Of 1,260 completed cases, settlements were achieved in 1,071, or 85 per cent. This, I am sure you will agree, is a commendable rate of effectiveness and illustrates a high level of co-operation by labour and management, assisted by experienced board officers.

Expedition continues to be an objective of the board's case management program. A median time of 28 calendar days was taken to process the 2,608 cases completed from receipt to disposition, a decrease of four days from the median time for 1980-81. Certification applications involved 29 days, compared to 34 days in 1980-81. Complaints of contraventions of the act required 31 days, compared to 34 days the previous year. Construction industry grievances took 18 days, compared to 31 days. Eighty per cent of all cases were disposed of in three months or less. The board has a very sophisticated management information system, which allows it to keep track of the progress of all cases and is a model for other labour relations boards in Canada.

The board, during the period under review, was involved in 49 matters before the courts pertaining to judicial review. Hearings have taken place in 22 of the 49 proceedings, and applicants were successful in only one of these applications. The board's experience before the courts has continually confirmed the high level of fairness and professionalism accorded by the board to the parties before it.

You might be interested to know that in 1981-82 the board received 30 complaints under section 24 of the Occupational Health and Safety Act, alleging wrongful discipline or dis-

charge of employees for acting in compliance with the act. Section 23, which permits employees to refuse to perform work they reasonably believe to be unsafe, is a central feature of the Occupational Health and Safety Act and the board plays a key role in the administration of this provision.

Of the total processed by the board, including those cases carried over from the previous year, 22 were settled by the parties in discussions with labour relations officers, nine cases were dismissed by the board and two granted with remedies issued. Again, labour relations officers have played a vital role in assisting labour and management to voluntarily resolve their disputes under this important piece of workplace legislation.

During this period under review, the board instituted a reorganization of its settlement staff to provide for even greater effectiveness. It introduced expedited hearings to deal with illegal strikes, picketing and walkouts and initiated a new pre-hearing discovery procedure for jurisdictional disputes, which has facilitated settlement discussions and shortened the hearing time for those cases requiring adjudication.

In carrying out its judicial responsibilities, the board held 1,500 hearings and issued a number of significant decisions, continuing to demonstrate why, in my view, it is the premier labour relations agency in the country in developing jurisprudence. Major decisions involving innovative and effective remedies in response to unfair labour practices continued to be made.

Important principles maintaining the integrity of province-wide bargaining in the construction industry were developed and applied. A trade union official's right to publicly criticize an employer was established as a protected activity under the act. Of importance as well, the board also indicated an intention to protect wholly unconcerned third parties to labour disputes from the disruptive effects of secondary picketing.

For the continuing unfolding of extensive and effective remedies, I would direct your attention to the decision of the board in Robin Hood Multi-Foods Inc. in July 1981. The important rights of free speech on the part of trade union officials were set out by the board in the St. Catharines General Hospital case, to be found in the board's reports for the month of March 1982. The board's new approach to the disruptive effects of secondary picketing was detailed in the Sarnia Construction Association and

Consolidated-Bathurst Ltd. cases, rendered in June and September 1982 respectively.

9:30 p.m.

I conclude my review of board initiatives by noting that it has recently produced a number of pamphlets in various languages to promote wider public understanding of the labour relations board and its practices and procedures. Most will agree that the proper conduct of labour relations in Ontario vitally depends on individuals, workers and on labour and management understanding their rights and responsibilities.

While the board's monthly report, its monthly highlights and its annual report continue to be the principal communications vehicles for those involved in board proceedings, the recently published multilingual pamphlets are a very important addition to the information system, aimed directly at employees in the work place.

The next section is on industrial relations. On a day-to-day basis there is perhaps no part of the ministry that is more actively involved in encouraging labour and management to work together on their common problems than the industrial relations division. Indeed, the very purpose of the division is to promote dialogue, compromise and settlement.

Part of the ministry's effectiveness in dispute resolution can be traced to a sound statutory framework for collective bargaining and collective agreement administration. Clearly, it is vital to maintain programs and procedures that are responsive to the needs of the parties.

Government has always recognized the importance of stable labour-management relations and, accordingly, has been attentive to any demonstrated need for change in the province's collective bargaining legislation. The real strength of the industrial relations division, however, is found in its personnel, both at the administrative level and at the level of conciliation officer, mediator and grievance settlement officer.

The ministry presently has on staff a complement of highly skilled and experienced mediators who have provided invaluable assistance both to employers and trade unions in this province. I would like to highlight for you the major initiatives of the division.

The 1982 collective bargaining calendar was one of the busiest in Ontario's history. In excess of 5,000 collective agreements were under negotiation last year. Of equal significance is the number of key industrial sectors that were involved in renewal bargaining during 1982.

This group includes such important sectors as construction, nickel mining and processing, pulp and paper, meat packing, retail food, auto assembly, trucking, brewing, education, hospitals, municipal government and public utilities.

Under the prevailing economic conditions, trade union demands have been fashioned with a view to protecting, so far as is possible, the real incomes of their membership. In addition, we have witnessed a determined effort by organized labour to gain assurances of greater job security. In contrast, employers are in a position where they simply cannot satisfy the bargaining expectations of their employees. Indeed, many employers have sought greater flexibility to survive the recession through changes to such matters as work scheduling, temporary transfers and narrower units for the application of seniority.

Bargaining conducted in such a dramatically changed economic climate represents a difficult challenge to those involved in the collective bargaining process. In a sense, it requires a major transformation in bargaining approach and attitude, a substantial modification of behaviour patterns and bargaining responsibilities learned in a time when parties were negotiating against a backdrop of real and substantial growth. Obviously, these changes cannot be expected to occur overnight, but I believe there is a flexibility in the collective bargaining process that will enable the parties to adapt to these new economic realities.

In the past year there has been a substantial increase in the demand for conciliation and mediation services. We responded to this demand, and I think we have made a significant contribution to industrial stability in this bargaining year. This is not to say that the year's bargaining was uneventful. There were some very serious disputes that led to work stoppages in a few critical sectors of the economy.

The construction industry is an example. In April of last year, the provincial agreements pertaining to the industrial, commercial and institutional sector of the construction industry expired. A monetary pattern over two years was established early in the spring as a result of a settlement in the electrical trade. None the less, other trades engaged in work stoppages of varying duration, the most prominent of which was the plumbers' dispute, which continued for some 13 weeks. The trades involved in these disputes were not only endeavouring to surpass the monetary pattern, but were also endeavour-

ing to achieve substantial changes to the language of the provincial agreements.

Special efforts were made by the ministry to monitor construction industry bargaining from the outset, and in many of these negotiations the mediators were instrumental in facilitating a settlement. All of the trades have now concluded new provincial agreements. There are some who have argued that the disruptions in the construction industry this past summer are evidence that the province-wide bargaining system does not work. I most certainly disagree with this assertion and I believe that, by and large, the participants in the process acknowledge that provincial bargaining represents a vast improvement over the local bargaining arrangements that existed previously in the industry.

Minor refinements have been made to the provincial bargaining legislation in the past and, clearly, I would be prepared to consider any further modifications that interested parties may wish to bring to my attention.

Before leaving the subject of the construction industry, I would like to inform the members of the committee that we are now in the process of constituting new advisory structures to succeed the Construction Industry Review Panel. I believe that these new mechanisms will provide all sectors of the industry with a vehicle for expressing their views on a wide range of matters and will also serve as a source of invaluable insight for me. I expect that one of the early tasks of those involved with the industrial, commercial and institutional sector will be to review the proposals for change that emerged from last year's bargaining.

In addition to its traditional role in resolution of collective bargaining disputes, the ministry also provides, through the preventive mediation program, mid-contract assistance to unions and managements experiencing relationship problems. I anticipate that the current economic pressures may cause many parties to reflect on the need to work together to overcome relationship problems. The preventive mediation program is designed to facilitate such action.

Another industrial relations initiative that warrants comment is the work that has been done in establishing industry-wide labour-management committees. There are two such committees now in existence. These committees provide senior labour and management representatives with an opportunity to maintain an ongoing dialogue on issues of common concern affecting their industry.

I should like to make brief reference to the major negotiations anticipated in 1983. Although this year will not be as intense in terms of volume of bargaining, there will, none the less, be several important negotiations in progress, including the rubber industry, heavy machinery, aerospace and other transportation equipment, chemicals and some electrical product manufacturers.

I would also observe that 1983 will be a year of contract extension and controlled compensation increases for the Ontario public sector. The members of the committee will know that contracts extended by Bill 179 can only be revised upon the consent of both parties, and such revisions can only deal with noncompensation issues.

There are many who doubt that the public sector management will voluntarily agree to contract changes during the control program. This remains to be seen, but I think there will be a significant number of employers who will be prepared to attend to troublesome nonmonetary matters. Certainly, the ministry's mediation staff will be actively involved in assisting any such negotiations during the coming year.

All recognize that the settlement of a collective bargaining agreement is only one aspect of an ongoing relationship between an employer and a trade union. The signing of an accord to govern terms and conditions of employment holds the promise of stability for the duration of the agreement. Whether or not this expectation is realized depends upon the daily efforts of the parties and the presence of an effective grievance and arbitration process for determining unresolved disputes that arise from the administration of the contract.

As the members of the committee may recall, an expeditious alternative to negotiated arbitration procedures was enacted in 1979. In the ensuing years the ministry's office of arbitration has recorded a dramatic increase in the use of the expedited procedure, which is clear evidence of its growing acceptability in the labour-management community.

For example, in fiscal year 1979-80, 25 requests were received; in the following fiscal year the total increased to 468. In fiscal year 1981-82 some 1,370 applications were received, and for the current fiscal year a volume of approximately 2,000 applications is anticipated.

9:40 p.m.

The section confers discretion on the minister to appoint a settlement officer to assist the parties in reconciling their differences prior to

the date of the hearing. Settlement officers are appointed in the vast majority of cases, and I believe their record to date is one of the important factors contributing to the success of the legislation. The present rate of settlement under section 45 exceeds 60 per cent.

The attractiveness of the grievance mediation concept is reflected in the fact that many parties, although not choosing to process a particular grievance to arbitration under this section, have, none the less, requested settlement assistance on a voluntary basis. The level of settlement in those disputes where the parties decide to participate in mediation voluntarily presently exceeds 80 per cent.

Obviously, if the mediation process is successful, the parties avoid the cost of arbitration. In addition, mediation offers the parties a final opportunity to address the dispute intensively and to arrive at a mutually fashioned resolution. Moreover, the range of settlement options available to the parties greatly exceeds the remedial powers of an arbitrator. Finally, because a mediated settlement represents a consensus of the parties, it is likely to have greater force than the decision of a third party.

Another important feature of section 45 of the act is the labour-management committee appointed to advise the minister in respect of persons qualified to act as arbitrators and on matters relating to grievance arbitration generally. The most important accomplishment of the committee to date has been the development program to assist promising individuals in entering the field.

There is one final matter involving the industrial relations division that I want to bring to the committee's attention. Increasingly, we intend to make mediators available to staff of the occupational health and safety division in dealing with internal responsibility problems. I think the mediator's involvement will be particularly useful where there are industrial relations and communications problems underlying particular health and safety problems.

In the seven pages left I want to turn to the quality of working life. Quality of working life represents another dimension of the ministry's effort to stimulate joint action by labour and management to improve the working conditions of the Ontario work force. The quality of working life concept proceeds from the belief that a more complete use of human resources will benefit both the individual employee and the employer alike. The concept maintains that

workers have something more to contribute beyond their time and physical effort.

As we all know, society in recent years has undergone many fundamental changes. The attitudes and expectations of young people entering the work force today are far different than what they were a generation ago. Many younger workers find the traditional authoritarian relationships that often prevail in the work place to be personally unacceptable. Moreover, there is an expectation that work will offer challenge and fulfilment.

Clearly, we cannot expect the employment relationship to satisfy every expectation, but none the less, through the quality of working life initiatives, many of these legitimate aspirations can be accomplished. The working environment can be humanized by affording employees a greater opportunity to participate in decision-making on the shop floor.

The ministry's Quality of Working Life Centre was established in 1978 to promote an understanding of QWL principles and to directly assist employers and trade unions wishing to undertake a project of work redesign. There are presently 16 active field projects in a wide variety of industries, including the petrochemical industry, the retail food industry and the auto industry. In every case success has depended upon commitment from both labour and management to chart a new course in their relationships and, understandably, there are often serious reservations to be overcome.

From labour's perspective, QWL has often been regarded as simply a management tactic to circumvent the lawful bargaining agent and to create a climate in which the union's role may be reduced. There is also, of course, the suspicion that management's real purpose is simply to increase productivity under the pretence of improving conditions in the work place. From the employer's point of view, quality of working life demands flexibility in managerial style. It is not uncommon for management, sensing the possible loss of control, to initially resist the QWL concept.

I think that the centre's work has successfully dispelled many of these anxieties and, indeed, has illustrated for the parties the desirable advantages of a partnership venture in QWL. By participating in a QWL project, a trade union may gain access to more complete information concerning the company's operations and future business intentions. In so far as their members find greater fulfilment in their work, the credi-

bility of the trade union leadership is certainly enhanced.

Employers also stand to benefit from greater employee satisfaction in such areas as a reduction in absenteeism, fewer grievances, less turnover and, coincidentally, increased productivity. By productivity, I do not mean a speedup, but rather a more efficient deployment of technical and human resources from which both labour and management may benefit.

It is important to emphasize, however, that the primary beneficiaries of a successful quality of working life approach are the employees themselves. The working people of this province bring tremendous skill, pride and intelligence to their occupations. I am sure most would welcome the opportunity to apply their ingenuity to their daily tasks of employment. This is the potential which quality of working life seeks to realize.

Some have suggested that the ministry's QWL initiative will be set back during the current economic recession. I am pleased to report that there is no indication of any declining interest in the labour-management community. I think there are very convincing reasons why labour and management will continue to participate despite economic adversity. From the workers' point of view, greater responsibility in the decision-making process enhances the security of their position in any company.

Beyond the reasons of economic necessity, I think QWL is a force that will gain increasing momentum as the pace of technological change accelerates. Advances in technology in the office and the factory will necessarily involve the rethinking of customary methods of work. Here, I think, there is a great opportunity to create conditions more sensitive to human needs and circumstances.

I am gratified by the progress that has been made by the centre and the project participants over the past four years. I anticipate that this year a growing number of companies and unions will come to see quality of working life as a means of achieving their respective interests.

Mr. Chairman, ladies and gentlemen, I have spoken at length and with candour to articulate and clarify the ministry's approach to its mandate to serve the workers of Ontario and to provide my perception of the current environment in which we are operating and that into which we are moving.

I have also tried to make it clear that our overriding objective is to construct a bridge or link between the key enterprise partners that

will enable us to reach together solutions which individually we cannot do. While this seems to many to be essential in the current situation, it is no less important as we try to plan for the increasingly competitive and uncertain years in the balance of the decade.

In this important work and in the individual daily actions on which it is based, we may not always achieve all of our goals, but I believe the facts show that overall the ministry has been remarkably successful in carrying out its mandate in the past. It needs and deserves co-operation and, indeed, constructive criticism to fulfil its function properly. While the critical role of the opposition is acknowledged, exaggerated or distorted attacks in those sensitive areas where we are attempting to promote the co-operation necessary to make enterprise partnership a reality can be profoundly destructive.

I welcome this opportunity to put these matters on the record and to answer questions from the members of the committee.

Mr. Chairman: Thank you, Mr. Minister. There may be a few questions. I don't know if the committee want to pass these estimates right away or have a few more comments. It may take a little longer than that.

Mr. Mackenzie: I have waited three hours very patiently without interrupting once, in spite of some fact and one hell of a lot of crap that I've listened to, Mr. Chairman. I sure as blazes don't intend to miss my opportunity to proceed now.

Mr. Chairman: I sense Mr. Mackenzie would like to respond at this time.

Mr. Williams: It sounds as if there may be bias there.

Mr. Mackenzie: Sure there is bias. There is plenty of it, Mr. Williams. Maybe you'll let me make my statement before you start interrupting, as is your wont.

Mr. Williams: I thought that was a superlative presentation, unsurpassed both in quantity and quality. I congratulate the minister on an excellent paper.

Mr. Mackenzie: I noticed that the minister spent about three pages—I am tempted to, but I don't intend to; there are just two or three points I have to make on his presentation—on section 45 or expedited arbitrations. That is one of the few success stories you've really got to go with in your ministry. You spent about 21 pages, I guess, or better, 26 or 27 pages, on women's issues where you have a lousy record in terms of what you have achieved. I don't know how

many pages you spent, but it was a heck of a lot more than that on safety and health where there are a number of outright statements which just aren't factual. We'll get into those at some length a little later.

9:50 p.m.

I've never seen such a regurgitated statement in all of my life. A number of points caught my eye. I have one I want to read out to you just for the moment. I couldn't help but think of the physically handicapped. I don't intend to raise this case again, but it was 1977 when I first raised Randy McMann's case with you. I have had your ministry, not always with you in charge, phone me I don't know how many times about it. He has never been placed yet. It is in terms of the approach to an epileptic case; we have all kinds of them.

On the upward age limit, I don't know whether you're flying another balloon there, like Mr. Runciman's bill we're going to be debating on Thursday in the House, about setting tough guidelines. It's a private member's bill, and I understand that. On arbitration, I don't know whether those are particular flags that you're flying from the masthead or whether they're an indication of even more repressive legislation you're going to get from the Tories, but they concern me.

Regarding the contract compliance and mandatory affirmation action, my God, it's amazing; it's one of the few times I find you are concerned about how, if you accepted contract compliance or mandatory affirmative action programs, you might run into some trouble with the unions. It's the only time you seem to be concerned about them. You drag out the international president of the International Ladies' Garment Workers' Union as your defence, totally ignoring that it is contrary to the positions taken by the Ontario Federation of Labour, the Canadian Labour Congress and the American Federation of Labour. I don't know another union leader who has taken the same position that he has. Yet you use that to build one of your cases.

I suggest also that you take a look for just a second at page 167 in your remarks. Just to underline what I'm saying, though there are many cases and I don't intend to go into all of them, we are talking here about women. "I have already indicated," you say on page 167, "that work on the equal pay composite index test is under way." That's just one of the many little things in 26 or 27 pages that you use dealing with what I think is really a very defensive document.

I would go to page 40 on the minister's statement in the Labour estimates of two years ago when he said: "We are looking seriously at a proposal to use a composite profile of the skill, effort and responsibility in a given job in making comparisons between work that is substantially similar." I'm sure to a number of people who are a heck of a lot more learned than I am in the English language that is exactly the same recommendation two bloody years later. You have just reworded it. If we have ever had a bunch of regurgitation, we've got it in that statement of yours, Mr. Minister.

If some of us are angry and if some of us are not as co-operative as you think we should be or some people would like us to be, then I guess you're going to have to accept it. There are just too many things that are wrong today in terms of the work force in this province. Labour relations in this province are entering a tough period, largely because it has become popular to insult, ridicule and then kick the hell out of working people in this province. There are a number of examples I will use as I get into this. Few are more obvious than Bill 179.

Working people in this province are not dumb. They know the economy is in trouble. They feel the effects more than anyone else. If a small plant in Ontario with 50 workers goes under, the 50 workers suffer as much, if not a heck of a lot more, than the owner. While he may have lived a little higher lifestyle and thereby personally have a little bit more of a comedown, he is much more likely to come out of the misadventure of that particular plant closure without any real suffering on his own. He may not suffer any personal loss whatsoever in the situation. He usually still has something he can call his own. He very rarely loses his own house or individual property over the matter.

Among employees, on the other hand, only a few have put very much away for a nest egg. In most occupations in the province, only two or three will have a skill that is in such obvious demand today that they can turn around and quickly walk into another job in Ontario. I am sure the minister is aware that we have close to 750,000 people in Ontario out of work. When I listen to the sweetness and light in your statement here and how everything is right in just about every section you covered, I am wondering, my God, why anybody is concerned at all, why we have even got this meeting tonight.

Employees have no problems. Workers have no problems. The economy is fine. The actions we are taking are resolving everything. That's

what I say is a lot of crap because it is. We do have serious problems and we are not dealing with them effectively.

Working people in Ontario know that our economy has been mismanaged and that a people priority in this province just simply doesn't exist. I am really wondering when we are going to take a look at an effective industrial strategy that takes a look at what we require in the province in the way of jobs, rather than a strategy that seems to be geared almost solely to the production of a product, the supplying of a market and the making of a profit for the entrepreneurs, whether they are local, whether it is a branch plant or an international concern or what have you.

That's what we take a look at when we are taking a look at the kind of government grants we give and what we're doing. Very rarely do we seem to concentrate basically on what we're doing in terms of jobs. If we don't start developing a program in this province that takes a look in terms of our industrial strategy at providing jobs—and that probably means a number of things, including self-sufficiency in some of our manufacturing sectors—then we are going to be in real trouble.

When I say the working people in Ontario know what is going on, I mean they are not fooled when they watch the voodoo economics of the Treasurer (Mr. F. S. Miller); whose accuracy, incidentally, in forecasting tax revenues or expenditures in this province and when the economy will turn around, on a scale of one to 10 is at the bottom of the performance ladder and probably beaten only by this government's Ontario Hydro growth forecast or by your own Ministry of Labour's accuracy in terms of toxic substance regulations and schedules. By God, I can remember back to 1977 or 1978 the list of eight for that year, seven for the next year, seven or eight for the next year which we hoped to have in place. We've got what? About five designated substances in place in Ontario now. It's a lousy record.

The workers see the performance of this particular government and they are beginning to understand its desperate gyrations as it tries to understand and cope with its own, I think destructive course. The problem really becomes acute when they see the dirty side of their government, when they see a government so bankrupt that it will try to legitimize by legislation a sick bill like Bill 179, legitimize procedures that would otherwise be considered as mean, vindictive, illegal and just plain dirty

trick measures to clobber workers. That's exactly what happened with Bill 179.

That's what I mean when I say that when workers begin to see the dirty side of this government using the kind of tactics they've used, when they see a government responding to public opinions polls and then deliberately—and it's obvious and there are some even more recent cases coming to light—playing and promoting the fear of one group of workers against another group of workers with a very clear public purpose—and this is where we differ drastically—of pushing down the living standards of working people, they readily lose faith and the cynicism I have worried about for the last two or three years and raised in these estimates before grows by leaps and bounds.

It should be easy to understand just why people are becoming so cynical and why working people wonder if there is anything in politics as they know them today that gives them any hope or any answers. I have never been more disgusted or disillusioned or felt more betrayed by a government, myself, as a citizen of Ontario, in all my life than I have in the last year or two.

I read the bulletin from the Minister of Municipal Affairs and Housing (Mr. Bennett). It's another reason for underlining what I am saying. It's a real slur, I might say, on public servants. It is called kick, insult, ridicule and put down your own employees. It refers once again to the Bill 179 fight we had. We have used this in the House. It's the minister's background bulletin that goes out from the Ministry of Municipal Affairs and Housing in which he printed an editorial from the St. Catharines Standard.

10 p.m.

It says: "It stands to reason that workers in the public sector now being squeezed by wage restrictions would object. Their reaction is understandable. The trouble is, the louder and more persistent their protests, the greater the irritation for the rest of the work force. What the public sector workers do not want to understand, or refuse to acknowledge, is that no matter what their unions tell them they have been and continue to be a privileged minority."

There was another little example of that in the House today. We find they are closing down the Hamilton regional Hydro office. In spite of the skating of the Minister of Energy (Mr. Welch), there are 115 jobs at stake. Most of these people will not—there is already a surplus of 200 workers—find another job. Most, 56 out of the 115 jobs, involve female clerical workers who will not be in a position to move, which is

the only option that has really been raised with them in any event.

To go on with the piece, the minister may not have done it himself, but sure as hell he did not put the other side of the coin into the bulletin.

It continues: "Let's face it, with the economy in shambles, it is the private sector worker who is taking it on the chin; it is the private sector worker, not the public employee, who has been facing the prospect of a layoff, and if he is not laid off, he is often lucky just to keep his job, never mind a raise. The difference between the public employee and the private sector worker is that the latter must justify his worth in the marketplace of the economy, and the public employee is largely immune to such scrutiny. Industries and business can go broke, governments cannot.

"As we said, public sector workers are entitled to complain—it is a free country—but they would do well to realize that they are not going to get much sympathy from those who look on them as privileged and spoiled."

I do not know when I was as sickened as when I saw that kind of a slam on our own public sector employees in a newsletter put out by one of the ministries of this government, obviously with the idea as well of splitting workers and getting one group of workers arguing or fighting with another group of workers. That is one of the things that makes me so damned angry about what I see; the misuse, the putdown of workers, the deliberate attempts to undermine and develop a lack of co-operation amongst workers.

I have to ask you, Mr. Minister, if you knew about this; and if so have you no responsibility to workers or do you see your role, as one previous Minister of Labour put it, of being a totally impartial arbitrator of labour relations in the province? If that is your role, how is it impartial to allow only one side of an issue to be plastered around, such as that particular bulletin was?

It reminds me a little of how we are now going to break hospital workers' contracts—not going to, we have already done it; they will not get their increases in the second year of their contracts—with impunity because of the legislation you have passed. We got, you will recall, just about a year earlier, the vindictive, slam-the-worker approach from our Attorney General (Mr. McMurtry) with no Labour ministry intervention. I was working on that at the time, when they were throwing hospital workers and some of their leaders in jail because they

breached a provision of their contract and, I might say, with a hell of a lot more provocation than this government had to bring in the kind of legislation it did in Bill 179.

This government breached its contract legislatively. At that time, the workers, most of them in the \$13,000 or \$14,000 range—they are still only in the \$15,000 to \$18,000 range in terms of most hospital employees—went on a strike that was declared illegal and they got clobbered all over the bloody place. They were fired and some of their leaders sent to jail. Boy, we have got a double standard that really should make one wonder in this doggone province.

Nowhere do the double standards show more than in labour. We get double standards that discriminate against workers in almost every single field. We get it in safety and health, and we will cover the examples there at length and in detail a little later on. We intend to spend most of our time in this session, I think, on safety and health problems. Some of it is so blatant that I really wonder why the taxpayers are paying the salaries of some of your senior ministry people because the decisions sure as hell seem to be management or corporate decisions we are getting in the safety and health field.

We simply wonder how a minister who comes through, I think, as essentially well-meaning and decent can be taken to the cleaners so thoroughly, although I recall the comment on the day the whole Cadillac Fairview thing broke that he had been taken for a sucker by the Minister of Consumer and Commercial Affairs (Mr. Elgie) in his early meetings when they were going to put in all these carpets and maintain these buildings, and how right we were on that particular comment.

I really wonder where the direction and brains are in this ministry. We get a double standard in women's issues, where you parade a mass of programs, where you talk about the critical and basic issue of equal pay for work of equal value; the minister put 26 or 27 pages into his report on this.

I could not put my fingers on it when I was looking for it the other day, but I also recall that a comment was made, I believe by yourself—you probably will admit to it—that one of the real problems we faced here was the fact that it was going to cost too much. Let me tell you, sure as blazes, that sets up two standards of employees, male and female, in this province, and it certainly says that, no matter what kind of work you do, we are going to put a price tag on

whether or not you get an equal crack at the wages for a particular job you are on.

We get double standards in the fields of organizing and certification and first collective agreements between unions and employers; any chartered union and any hardworking organizer can cite you chapter and verse today on attempts to organize. Mind you, you might as well forget organizing in the public sector because you effectively killed their unions with that legislation, at least until it comes to an end.

Any worker can tell you that we are getting some of the same dirty tricks and underhanded tactics that we had back in the 1930s and 1940s. The onus of proof is always on an already intimidated worker, and that onus means providing ironclad evidence, two or three times what would be needed by the company, to prove charges against a company.

I can recall some of the things that were going on, some of the petitions and nonsense that we had in the days when I was organizing, and some of the hearings at that time before the board to which I brought the certification applications. I think it was old Judge Finkelman at the time. Exactly the same kind of rotten tactics are going on in society today. I really wonder how far we have come in terms of workers' rights to organize.

We certainly get double standards in bankruptcy and receivership. Hardly a day goes by when we do not see another employer going out of business in Ontario and where another group of workers has been taken to the cleaners. We get some really interesting new twists on this, which I also intend to go into with a couple of examples a little later on, but I still see nothing from this government to ease the plight of the employees put out of their jobs and done out of their salaries in case of bankruptcies.

Double standards, as far as I am concerned, have clearly become a norm of operation with this government, and that scares the hell out of me. I am not even sure that it has not become the name of the game for this government as well as industry. What is even worse, as far as I am concerned, is that the Ministry of Labour, whether by circumstances beyond its control or by deliberate intent, I am not sure which, has become one of the chief players in this dirty game. Yes, I see the smile on the deputy minister's face. When we get something like Bill 179 then I do not know what else you call it but becoming one of the real dirty players in the game.

Back in 1966 or 1967 in the first set of estimates for the Ministry of Labour, I raised the

ire—I think it was of Bette Stephenson at the time—and the following year I did the same thing with your predecessor, Bob Elgie, when I said that unfortunately in Ontario we still had a master-serf relationship rather than a proud labour relations situation. I said that the preamble of the Ontario Labour Relations Act was supposed to mean something special and to me it expressed a principle that was important.

I did not bother to dig up their remarks in response, but they and some of the senior people who are still with you today expressed considerable umbrage at the remarks I raised at that time. If there was ever any doubt about the truth of my remarks that we still have a master-serf relationship in Ontario, the government Bill 179 and the passage of that bill removed any doubt.

You cannot plead ignorance or lack of responsibility for the full-scale return to serfdom in Ontario. What is more, it has been accomplished very insidiously by, as I said earlier, the old divide-and-conquer routine or picking on one group of workers as scapegoats and using it to divide or try to turn other workers against them, as we have seen in Bill 179.

Because it will affect his ministry more directly than any other, we tried to get the minister before the justice committee on this bill and we were not able to; he was not available. I think it is valid, really valid, to ask the minister why not, and I think it is really valid to ask some of the questions on Bill 179 we wanted to ask at that particular time.

10:10 p.m.

On Bill 179 I want to ask the minister what is now going on in the field of arbitrators. As you know, there have been some releases, even over the last couple of days, as to whether or not arbitrators are being asked to submit their bills; that there is not much point in proceeding any longer because of this legislation. You talk in your presentation about the proud principle of arbitration in settlement of labour disputes. You have sure as hell done a job on that for at least 15 per cent of the employees in Ontario.

These are the questions we wanted to ask you. We want to know whether or not you have done the summary on the number of workers and unions that will be affected for only one year, that will be affected for between one and two years, that will be affected for between two and three years or more than three years; the number that will have collective agreements, settlements, rolled back; if you have a list composed of each collective agreement that

will be rolled back; if studies of administered prices in Ontario used by the Treasury officials in preparing the government's price review program are available and the justification for it; if a list is available of all those corporations, agencies, organizations and bodies that will be affected by the administered prices in Bill 179, or a list of all provincially administered prices even.

I think all of this information that we wanted at the time is valid. I would like to know whether you share the view that we have had expressed to us that, "Hey, there is going to be no problem down the road; my ministry can cope with it."

If we have a real problem as a result of this bill and some workers say, "Hey, enough is enough"—we have that threat now; and I do not like a deliberate breaking of the law, as in Quebec for example—are we going to throw them in jail as fast as we did the hospital workers? If private sector workers should decide to support people who figure they have been kicked long enough, what is your ministry's role going to be and how are you going to look if you are not seen to give any assistance to or take the side of the workers in Ontario at all?

There are simply 1,001 questions: the effect on the workers, what the research studies show about the results of this legislation. Have you done any investigation at all of what is going to happen as a result of Bill 179? What is going to happen to due process? What is going to happen where there are overlaps between private and public sector workers on a particular job? As I asked earlier, what is going to happen in the whole strike and arbitration field?

How do you justify this? More than anything else, how do you respond to the statement of Bishop Sherlock in London, where he very clearly indicated that this legislation was not only dangerous but unacceptable? Or I could go into the more recent statements of the bishops. I notice there is a quite a piece in there dealing with the federal six and five legislation, but they are as hell, being Catholic bishops, do not support that either.

Does that mean nothing? What was your justification? You did not get any support or justification from anyone in the labour movement. While they are not all organized, that probably represents 60 or 70 per cent of the people. You got a hell of a lot less support than you thought you were getting in terms of those who were not directly involved. They did not let up tight, but when you talked to them they were not really supporting you as well. I know

you had the support of the top level of the business community and it was obviously a Tory government position. Who the hell else told you it was a good idea? What was the justification?

One of the things we were told in the House—I forget which one of the ministers it was or if it was the Premier (Mr. Davis) himself—was that one of the justifications for it was that there was security in the public sector. My God, with all the gyrations Mr. Drea may go through, we are in the process of getting rid of several hundred workers in the mental retardation field. We know we have one hell of a lot of teachers out of work in this province. We are now getting rid of a bunch of workers in the Hamilton region Hydro office.

There have been cutbacks in almost every health care facility—effective cutbacks, whether there is a reduction of workers or not. I toured St. Joseph's Hospital the other day with the medical technician staff and found out that in 10 years they have not added an employee in that division, yet they were doing three and a half times the work. So I guess you could say maybe you did not cut back, but sure as blazes you were not adding any new jobs.

Where are the jobs? What is going on in terms of the justification? Where is it? That is what I want to know from the minister. We have not got any of that. As we tried to say in those committee hearings, you are going to be carrying the can for a lot of those results down the road.

What are we to understand from the principles the minister indicated in this House? I am sorry to be so miserable on it as far as you are concerned, but you indicated you did have reservations about this and some fundamental disagreements. If you did, does cabinet solidarity mean more than principle, than opposing bad, vindictive, anti-worker legislation, legislation that is literally dishonest? Does a principle play second fiddle to this principle of cabinet solidarity in terms of beliefs in workers' rights to organize and collectively bargain and to arbitrate? I think those are legitimate questions.

It is pretty obvious that the days in all-party government when a man was considered as good as his word seem to have disappeared in Ontario. We get glimpses of it occasionally in Britain and maybe some other countries. A minister will step down if he feels something pretty strongly.

That is why I question just how strongly you felt about something on principle. By golly, in Ontario you have to kick them out of the

cabinet before they step down on a matter of principle. It might be interesting to see what happens on the teachers' bill we have before the House right now. Essentially what I am saying is that there has not been much emphasis on principle in terms of rights workers have won over an awful lot of years in Ontario.

Let me go back to my remarks about the Minister of Labour and the firm need for a champion of workers in Ontario. On page 2 or 3 of your opening remarks, in the first few minutes when you started talking last time, I thought just for a fleeting moment that maybe you were going to declare a slight bias on behalf of workers in Ontario. That, I have to tell you, lasted until we got to page 4 or 5, when you made it very clear once again that we were back at the same old stand of neutrality.

I noticed on page 2 of the minister's statement that he said: "a recurring question from opposition Labour critics is whether the Minister of Labour is prepared to declare himself or herself unequivocally as the minister for labour. This seems to me to be a good starting point for talking about broad roles and objectives." A little further on you referred to "approximately 4½ million people and almost 38 per cent of the Canadian work force." We are talking now about workers. "By legislative definition then my mandate is self-evident."

On page 3 you said: "For my part, I fully subscribe to the principles underlying our major acts: The Labour Relations Act, the Employment Standards Act, the Occupational Health and Safety Act, the Human Rights Code"

I remind the minister of the preamble to the Labour Relations Act—and I am not kidding because I think I have said it at every single session of the Ministry of Labour estimates. Maybe I was a little bit stupidly idealistic at the time, for I was really young when I came back from the merchant service at the end of the war and got involved in the trade union movement. That is where I got involved and got what little education I had, but I really thought that preamble was something.

It reads: "Whereas it is in the public interest of the province of Ontario to further harmonious relations between employers and employees by encouraging the practice and procedure of collective bargaining between employers and trade unions as the freely designated representatives of employees"

I looked at pages 2 and 3 of your comments and I said I do not really expect too much from a Tory Minister of Labour, but maybe we are

going to get one who is going to declare himself for once. Here you are saying that you full subscribe to all of these principles, but when we get over to pages 4 or 5, we get your comment "This does not mean, however, that I am simply a conduit for labour and you would not expect that."

You also said: "I have, of course, an obligation to listen to management as well as labour. Having done so, the task, more often than not, is to balance conflicting perspectives and to ask myself the question: Is the particular proposal being advanced consistent with the general obligation of the ministry to enhance fairness, equity and security in the work place" You go on from there.

We have never been able to make a Tory understand that neutrality in labour matters is an absolute myth when the companies carry the authority which they do. Neutrality in such a situation is nonexistent. I do not mean by that that you do nothing but champion them, but my God somebody in this cabinet, or in a Tory cabinet, if it is going to have any interest and compassion for working people other than words, and words are easy to come by, has to put himself on side occasionally with workers.

10:20 p.m.

I have made the point before and I will make it with you again, that the Minister of Industry and Trade (Mr. Walker) is fairly easy to talk to with a problem. He has been more helpful with me on management problems, on occasion than some ministers, even given the acknowledged pretty Conservative or right-wing bent he has. But he is a hell of a lot more of a champion of business and industry in this province than any Minister of Labour we have had in recent years has been a champion of labour. You may not see that as your role, and I know this has also raised the ire of senior people in your ministry when I have raised it in past years, but I am simply pointing out that if you are neutral, or so-called neutral, then labour has not got a chance because management is already carrying the big stick and labour has to look to you in terms of what legislation we have.

Let me digress for just a moment to underline my argument, if I can, with an example: Irwin Toy. My God, if there is an example in Ontario of a company's stated intention to destroy the workers' right to organize and have a say in their future, then this company has been clear and brutal. They rank right at the top of the list of bastard managements. They fought the workers' right to organization down to the wire

Intimidation and dirty tricks were the name of the game in that organizing attempt. Charges of unfair bargaining had to be laid under the act.

A gutsy core of workers and a union that decided to make that fight a major effort were the tools that had to be employed, not for days or weeks but for months, to achieve organization for a bunch of underpaid workers subjected to a number of safety and health considerations—which incidentally have not been resolved at the unorganized plant on Hanna Avenue although I know the minister thinks they have.

Regular questions in the House and the blatant unfairness forced your ministry to act. We went after you in the House and you know it. We did everything from the Santa Claus suit to questions for weeks on end about what was happening there. Before you jump, let me say that the appointment of a disputes advisory board was welcome. It worked hard and it is not faulted for the role it played when it finally got involved, but my point is, and I repeat it, that in this case, as in all too many tough disputes, and particularly during first-contract disputes, we did not see the Ministry of Labour leading the fight, where there was an obvious case as in a case like this, by leaning on the company just a little; we had to force your hand.

What is more, while the disputes advisory board became the vehicle, that was not what forced the initial settlement. That initial settlement was forced by the fact there were charges that even the company lawyers finally got through to them. They were going to lose before the labour relations board, which was going to make them look like hell; but beyond that was the fact that the union decided to mount a major boycott and had members out in the shopping malls, and right into the Simpson store and getting kicked out, trying to tell people not to buy Irwin Toy products.

This is difficult, it is expensive, and it is something that is truly a last resort. They did not even know, nor did we, that they could pull it off; because to try to launch a boycott like that, which has then to be nation-wide, ties up an awful lot of people and an awful lot of effort for any union, even one of the bigger unions. But the company had enough concern that they might pull it off, and we know of some calls that were coming from some other key stock holders in the United States, that the company decided it had better settle. That is what won the first round.

What followed was a lousy, substandard contract, coupled with company obstruction from

day one, grievances or arbitration on almost everything in the plant, including getting the workers right back to the jobs—those that were left—that they had had previously. The fight to this day has not stopped in that plant. It was something as elementary as workers going back on their previous jobs as a result of the settlement, deliberate attempts to make the victory as meaningless and short-lived as possible. Why?

For one thing, being very frank with you once again, the union in that case was on the ropes as well when it finally won the fight. It is too bad they did not hold out for a week or two longer. It would have made some of your Tories that I watch as happy as hell if they had not won it. The union was on the ropes and reduced by a long and bitter fight to a small core of workers still on that picket line and still fighting for their rights, a handful of faithful supporters who were subjected to every kind of intimidation in the book. The laws in Ontario do not protect workers, and with two different plants, one organized by the union and one not organized, the company was really in the driver's seat in that particular case.

The minister is dead set against first contracts by legislation. I do not particularly like them, but I have made the argument for years that we may have to do this in Ontario. This is a case where I think it was absolutely essential, given the circumstances. But further, your ministry, as far as I can see, really did not give a damn once the dispute was over, particularly one as long and bitter and annoying because of the publicity as the one at Irwin Toy.

The minister was not on the scene trying to help in the bitter aftermath. Here is a clear example of even less than neutrality, given a particular set of circumstances. Let me also make it clear that the core activists in that plant know that the ministry is useless. About the only thing it is good for is beating of gums when it comes down to a case like this.

Let me also tell you that while I do not think they are going to win it before the board—and I do not know, of course, and if the chairman was here and we were into the vote on his estimates he would probably leave the room because we were raising it—we have a decertification procedure in this matter. I do not think they will win it for the reason that some of the dirty tricks will come out in those hearings before the board.

Let me also tell you, however, that the company is so damned determined to get rid of that union, and sure that it will, that it has even

gone to the point, in the last week or so, of transferring employees that are company pat-sies and stooges from the Hanna Avenue plant to the new plant to make damn sure they are ready to move in if it wins.

What I am saying is that you have been an absolute and total failure on behalf of a bunch of workers who were really kicked in the teeth on that Irwin Toy deal. I am using it, and there are others that we can use, as an example and an indication of what I am saying when I say that neutrality is not good enough. We sure accomplish nothing. They worked their butts off to have the right that is given to them, supposedly, in the Ontario Labour Relations Act; and boy, they sure as blazes have not won much for their willingness to stand up as Canadian citizens. Many of them are new Canadian citizens and many of them women. I can tell you it was a privilege to walk the picket line with those people.

One of the reasons I get so damned upset sometimes is that I recall sitting in court, and there it is a little better story, after the Radio Shack strike, when they were holding the trial for one of my former colleagues, Eddie Ziemba, where I was one of the witnesses in that case. I was finally called up and questioned before the judge about what I had seen in the dispute on that particular picket line. After I had given my testimony and sat back in the court, I sat there astounded while I got a five-to-10-minute lecture on myself as a member of the provincial Parliament walking this picket line and associating with a labour dispute of this kind, and how I had lowered myself in the doggone eyes of the judge that was involved in that particular case.

God damn it all, you tell me where the fairness is in terms of what to expect from the establishment. I sat there literally astounded at the lecture I got in that doggone courtroom. Let me tell you, I don't give a damn what happens, I would a whole lot rather walk a picket line in a situation like that, even if we are going to have

problems, than be on the other side of the fence in these kinds of issues.

I can hear, almost before it is uttered by the minister, and certainly by his deputy, when I make this case over your Irwin Toy deal, that surely Mr. Mackenzie and the unions are not asking for them to interfere in the collective bargaining process. That is one of the answers you have given us in the past when we have raised the question of first contracts or where the workers really do not have the strength to gain something.

As the minister is aware, this company has just passed a year of record profits, a year in which it has done its best to eliminate the opposition. With a resolve as firm as ever, tempered only by the lessons it learned the first time around—that the company had better not voice its intent to get rid of the union out loud—it is still resolved, as firmly as ever, to get rid of the union and is back before the Ontario Labour Relations Board for a decertification hearing.

I want to tell you, and this I am sorry to say, we had a period before the board of four or five damned good decisions, long overdue. I hope they were not just given in some of the cases, Radio Shack being one of them, because the cases were so bloody obvious at that point. Given this government's obvious intention, even enthusiasm, to use the fear that is around in society today among workers, to divide them, to control them as you have done with Bill 179, most of us wonder if we are going to get those same legitimate decisions from any division of this ministry or from the board. I know some of the people there. I am not losing total faith in it as yet, but my confidence has been shaken like hell by what is happening and what has happened.

Mr. Minister, I see that it is 10:30 of the clock and I have a long way to go yet. I would like to move that we adjourn now.

Mr. Chairman: The committee will adjourn until 10 a.m. tomorrow.

The committee adjourned at 10:31 p.m.

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Mr. Ramsay. R-1161

Mr. Mackenzie. R-1178

Adjournment. R-1186**SPEAKERS IN THIS ISSUE**

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Mackenzie, R. W. (Hamilton East NDP)

Ramsay, Hon. R. H.; Minister of Labour (Sault Ste. Marie PC)

Williams, J. (Oriole PC)





Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Wednesday, January 19, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 19, 1983

The committee met at 10:17 a.m. in Room 228.

ESTIMATES, MINISTRY OF LABOUR

(continued)

Mr. Chairman: I call the meeting to order.

Mr. Wrye: I have a point of order, Mr. Chairman. It is obvious to everyone that it is a little cool in here this morning. I recognize that Mr. Mackenzie is in the middle of his opening statement, and I certainly would not want to interrupt it. However, it is a little uncomfortable here. Rather than drag out the agony for the entire morning, perhaps we could reach some kind of a middle ground and allow Mr. Mackenzie to finish his opening statement, because I am sure he would like to conclude it, and then adjourn before we get into the ministerial response to the opening statement. It is a little cool here.

Since we are going to be here for a little while, there is a lot of time for this committee to conclude the estimates.

Mr. Chairman: Are there any other comments?

Mr. Williams: With regard to the agony, are you speaking about the cold room or the response to the minister's statement?

Mr. Wrye: No. I am making no editorial comment on any of the opening statements.

Mr. Chairman: We have checked around and there are no other rooms available. They are all being used, and this is the cold one. If the committee concurs, could we then proceed on that basis?

Mr. Mackenzie: If I get through my 210 pages at adjournment time.

Hon. Mr. Ramsay: Mr. Chairman, comment on the point of order: I was going to make mention at the opening that the director of the branch is here, and he was going to issue an order. In this particular case, we would definitely prosecute.

Mr. Chairman: Okay. Mr. Mackenzie?

Mr. Mackenzie: In opening, I would just like to make a bit of an apology for some of my language on occasion. I am not sure that most of the Tories do not wonder about it. One of their members came up to me after one of the debates

in the House over Bill 179 and said, "Some day I want to sit down and have a beer with you and find out if you are really angry or if that is an act."

Hon. Mr. Ramsay: I apologize, Mr. Mackenzie.

Mr. Mackenzie: My opening comments were that I wanted to apologize for my language on occasion. I know that when I get angry, the hells or damns or crap come out a little bit more often than they should for a reasoned presentation.

Hon. Mr. Ramsay: May I interject and say that I do not mind that? I understand it.

Mr. Mackenzie: My reason for it is that I have a feeling that many of the Tory members do not really understand that there is some real concern over what we are saying. It is not an act. I have long had the impression that some of them believe that is exactly the case.

At our Christmas party, it was underlined when one of your members came up to me, one whom we had had a few arguments with in committee, and said, "Some day I'd like to sit down and have a beer with you because I really want to know if you are really angry and really mean it or if that is just part of the act." I can laugh about it, Mr. Minister, but let me tell you, that kind of a reaction tells me that some people just do not understand that there are problems out there.

Hon. Mr. Ramsay: May I interject, Mr. Chairman, and just elaborate on my few remarks of a moment ago. Let me put it this way: Earlier this morning I was at a meeting, and before the meeting got started, I discussed with the Treasurer some of the things that went on here last evening. We both reached the same conclusion that, despite your intemperate positions and extreme statements, Mr. Mackenzie—

Mr. Mackenzie: I do not accept that they are necessarily extreme.

Mr. Laughren: We all do that on occasion.

Hon. Mr. Ramsay: That is right. We both hastily came to the conclusion that, despite that type of thing, we felt you were genuine, sincere and honest in your remarks and that we both respected you for that.

Mr. Mackenzie: I asked for that, Mr. Minis-

ter. I should not have said anything at all and just continued on.

Before I continue the points I want to make, I have one other point. I have been mulling over in my mind just exactly what is the purpose of a new development in estimates, really within the last year, by the Tory government. I forget how many pages my critic told me Dennis Timbrell went through with his opening statement. This one is the longest ever, I believe, since I have been labour critic, for the Minister of Labour—210 pages and better than three hours.

I know the Minister of Education did the same thing. I read it again at the hotel last night. That is a fair little bit of reading to go through. I want to tell you that it made me angrier still, and not necessarily over the points you make or what you put together. I got the distinct impression that what the minister was trying to do, apart from maybe tying up three hours of the estimates when we are supposed to be able to question the minister, was to cover everything that might be raised.

It is a little bit defensive, but it is on the basis that, as I said last night, everything is almost hunky-dory. There are three areas where you expressed some concern, but otherwise it is a total defence of what has happened, whether it is plant closures, severance pay, safety in health, or whatever the issue is. When I reread it, it just rekindled my anger. These are not the facts of the situation today in Ontario in terms of workers and what is happening to them.

My party, through me as labour critic, has advanced a number of private members' bills over the last few years, all designed to redress an imbalance in terms of fair treatment of workers and to make a worker's future in this province just a little bit more secure. Surely we understand that any moves in this direction bring out cries of indignation from much of the industrial or business community, and we occasionally see a fair amount of wrath or even bile in some of the comments in the House. The organized establishment in Ontario does not want to see a lot of moves that might make it easier for workers in this province.

I think I can underline it with a separate little incident that may make the point. On December 2 in the House I moved a private member's bill entitled the Fair Pricing Act. It was one of the bills on which we had a debate, where we do have a vote: we have two of them a week, as the minister will know. That bill was permissive legislation. It did not set prices, but it did set up an independent commission, which any citizen

or any group had the right to appeal to if he thought prices were unfair or if a price was not accurate or proper.

I expected it to be opposed, but even I—and I do not think I am very thin-skinned—was thrown a little that day by the first couple of speakers on it. I am thinking in particular of the member for Welland-Dufferin-Peel (Mr. J. M. Johnson) when he stood regarding that bill. He lit into the bill, lit into me and lit into my party for daring to suggest a commission to give somebody the right to challenge a price. We used a couple of examples and some of them may have been inappropriate. They were certainly accurate in the food field.

What did he call that particular bill? You only have to look to the Hansard of December 2. Among other things, he called it "something to be expected in Russia, China or Poland." He called it "Kremlin-type legislation" and, further, he used the analogy of us having stormtroopers march into the little retail stores in Ontario to administer prices. Those are actual comments that are in the doggone Hansard. You wonder sometimes why I react to the kind of vileness that we get when we make suggestions to assist workers. That came from one of your front-bench members, Mr. Minister.

Mr. Williams: That is almost as 'extreme as your rhetoric last time.

Mr. Mackenzie: It certainly will bring about the extremes in rhetoric and it is unfortunate, but that is the kind of reaction we get when we suggest something that might help workers.

Mr. Laughren: John did not think that was extreme.

Mr. Mackenzie: It is easy to see why the suggestion of some further measures brings such a violent response. Either the understanding or the communication and lingo is gone. If our language is at times extreme, by golly, we sure as blazes get it from the other side.

Let me outline for a minute some of the bills and do a bit of a score card. Over the last few years we have developed a number of private members' bills. One of them was union security, union dues checkoff for each employee in a bargaining unit. There is a plus on that. We finally got the legislation. We had to saw off and lose a couple of things, but we really gained something on that one.

First contract settlement: I think I gave you a case where it was an absolute must in terms of Irwin Toy Ltd. yesterday. We still do not have it. The constant argument of your deputy is that it

is somehow dangerous. I understand his argument, but I do not accept it that: "Hey, it does not really work. We are not sure what will happen on the next contract around." I suggest to you that where an average contract is used, you will have to use it only a handful of times before you will see more meaningful bargaining in the province.

Quicker and easier certification: We still have some way to go. Anti-strike-breaking: We have got nowhere in terms of the repeated requests we had made for legislation. Successor rights: Probably one of the more difficult situations we are facing in the province today is preserving the collective bargaining rights of employees in a business that is relocated. We are as blazes have not made any progress on that particular item. I would point out to you, Mr. Minister, that while most of these would rile some of the business community, they are not really radical suggestions.

Amendment to the Crown Employees Collective Bargaining Act: Repeal those sections of the act which exclude a wide variety of management's rights from being subject to collective bargaining. Not only do we not have it, but in the case of Bill 179, we have practically ripped away rights that public servants had in terms of bargaining.

Domestic servants to be covered under the provisions of the Employment Standards Act: I could probably rate a partly on that particular request which we have for a long time fought for. There is still coverage that is needed for domestic servants.

Agricultural employees: The only defence I have there and I guess the best example I have ever seen is that for about the fifth time, the union at the so-called Wellington mushroom farm did not proceed to the board and probably could have. I would throw back to the minister: Why did we have an industrial, time-card, assembly-line operation like that able to get out organizing when they had 70 or 80 per cent of the employees signed up, simply on the basis that it was exempted because it was an agricultural business? Regardless of what the union said, it seems to me that the legislation should take a look at a situation like that and make some changes, so a similar situation does not happen again. I have seen nothing in the way of change in that area.

Employment for the disabled, which provides a mechanism for providing employment opportunities for disabled persons: That was a quota system. I know the arguments on it. I am not

totally sure in my own mind whether or not it is the proper approach. All I know is that we are still not dealing effectively with the problem of a number of disabled persons, particularly in some classifications. Those with epilepsy are really up against it. To this day, I do not know why my office has been a magnet for them in Hamilton, but it has. I still get them coming in. The minute they have to report they have epilepsy, the job opportunities disappear.

Establish a standard relating to the installation and operation of electronic surveillance systems in places of employment: It is still not resolved. Political rights for public servants: You will not go to arbitration once again on that particular issue, but we have not got it and it should be there.

10:30 a.m.

Reduction of the work week: I intended to deal with that separately, but with the minister's one or two page response to that in his 210-page speech, and the fantastic cost he put to it, we are going to have some time difficulty in all of the votes. I will only say that given over 700,000 people out of work in Ontario and given what is happening to our industry in the province today, we really do have deindustrialization. There was an article in this morning's *Globe and Mail*. It referred to—I know it is a suspect group—the Social Planning Council of Metropolitan Toronto report. Given what is happening, we are going to have to take a look at some alternative methods of putting people to work. I think one of them is probably going to have to be a shorter work week, particularly when we look at chip technology and automation. If the answer that it is too expensive is already automatically there, then something is wrong in terms of initiatives of this particular ministry.

Vacation standards: When are we going to improve the existing employment standards? You have to have a contract to get the four, six or eight weeks, but one heck of a lot of employees have never been organized and probably never will. They may have worked just as many years, but they can end up with a two-week vacation by law where a colleague down the street has four, six or eight weeks. It seems to me we have an obligation. That is something many jurisdictions have done in the world. We have suggested it. We have moved a private member's bill on it year after year, but not a doggone thing has been done by this ministry.

Termination notices, increased time for notice provision for layoffs and conditions of employment: I would say there was a partial move on

this too. There were amendments to the act that would prohibit the requirement that a female worker work in the nude as a condition of employment in restaurant entertainment places. There has been a partial move on that, so we have one and a half on those issues that I have raised today.

Amendments to the Employment Standards Act: The crown is bound by all sections of the act, a companion to one of the other bills I moved. Certification hearings and clarified status of employers at certification hearings so they cannot muddy the procedure: You can talk to the legitimate labour bodies, the Ontario Federation of Labour and the Canadian Labour Congress on that, and it is still a problem.

Leaves of absence, requiring an employer to provide a leave of absence to any employee who has been elected to provincial or municipal office: We still do not have that.

Protection of employees, protecting the employment of an employee who attempts to enforce the provisions of any act or who testifies or otherwise participates in a proceeding or hearing under any act or court of law: That should be a simple and almost automatic provision and yet I will use at least one or two examples here this morning of people who have written to us and laid out a very good case which we have been able to pretty well verify. They are anonymous and scared silly of laying a charge or proceeding themselves. They did not happen to be organized in the couple of cases I am talking about.

Protection of term employees: I get worried about the increasing use of short-term employees and what happens when they are laid off as a result of a strike or lockout. It is not really covered under this particular item, but I get concerned with the increased use across the province of temporary or part-time employees and the ability to get out of provisions to pay full benefits.

Security guards: Amendment repeals legislation which does not allow the inclusion of security guards in a bargaining unit.

Those are just some 21 bills. There are others that I have raised in this House, not once, but in most cases several times. If you took a look at what has happened to those particular bills, I think the record is about Conservatives 19 and a half, workers in Ontario about one and a half or two, in terms of achievements in those particular areas. They obviously had no priorities as far as this particular government is concerned.

As well, we have advocated a job security act

as a result of the total failure of this government to allow the completion of the plant shutdown committee or even to act on the interim report of that committee. This committee, in its failure to complete its mandate, is still another example—we all know how that happened in the House—of the hypocrisy and inaction of this particular government. There are some wags who say this committee did not finish, just to open up another diversion and save the government from another committee with good intentions, but on which it had no intentions of acting.

I could go back to the perennial that my colleague from Sudbury (Mr. Martel) raises on the recommendations made back in the early 1970s by that committee that might have dealt with some of our problems in northern Ontario or given some control or some input into the mining industry and the resource industry.

I want to outline a few of the recommendations made by those participating for the New Democratic Party in the unwritten report, if you like, from the plant shutdown committee. Just for the record, we spent a great deal of time on the needs to restructure our economy, and the manufacturing sector in particular, as essential components in a strategy to put this province back to work. I make this point without going into detail here, just to let you know that we understand the broader problem. We understand that some rationalizations are going to be made in industry in Ontario.

The Tories seems to attack us with venom on specific worker proposals without themselves really having the foggiest ideas—I see it in the House—of the broader problems we are facing in Ontario. They seem to be guided only by what I think amounts to a blind faith in the free enterprise or private enterprise or marketplace system.

That should have been rocked just a little bit by some of the developments in the trust field—and a number of others—where all power to the private sector got us into one hell of a pile of trouble. I imagine we will be spending an awful lot of time trying to find who has ripped off whom for how many millions over the next period of weeks.

Let me cover a few of the suggestions we have made from that committee. We have said in the report we would have filed in the House that plant-closing legislation should not be viewed as an alternative to the commitment for a full employment economy. The rebuilding of our manufacturing sector, the necessity of effective economic planning, indeed, the need to regain

control over our economy should be considered in those terms.

Full employment, a balanced economic and domestic control are the ultimate solutions to plant closings, and worker protection in the form of job security legislation must be an integral part of such a strategy. It is part of the reason we moved some of the bills I mentioned earlier. We recommended that the Ministry of Labour revise its statistical and data reporting system so as to provide accurate figures on the extent of layoffs and the characteristics of laid-off employees. There is a real need for that, which we will go into.

We recommend that a public justification system be established which would hold public hearings to examine proposed major layoffs and plant shutdowns, assess the social and economic impact of such layoffs and plant closings and recommend specific actions to maintain productive enterprises or to mitigate the harmful effect of unavoidable layoffs and plant closings. I do not want to go into any detail whatsoever on some of those committees, as I have done a number of times before us, but suffice it to remark on just one of them for about 60 seconds at most.

I do not know where you would get a better example of what we are talking about in some of the restructuring that is needed than what we heard before that committee on the SKF Canada Ltd. plant here in Toronto. It became very clear in the testimony before this committee that the decision to close down that Scarborough operation was made better than five years earlier by the international management of the company, whether it was Swedish or West German.

One of the first moves in that operation was to systematically remove from that plant the long profitable, small bearing assembly manufacturing and assembly runs to other plants and to move in as replacements the larger bearing assembly runs which were much shorter runs and much less profitable, though probably still a profit-making operation, and the repair and maintenance runs and then start arguing that the plant was getting less and less profitable.

The productivity of the workers had nothing to do with it whatsoever. It was just a conscious decision that they were going to close that plant. There were some 70 plants in that particular chain of operations around the world and they wanted to get rid of the Canadian plant even though there was no question of its profitability at the beginning. It was the utter inability of the

federal and provincial authorities to grasp that or be able to do anything about it that leaves workers wondering just exactly where we are going in terms of job protection.

We recommended a minimum of six months' notice. We recommended severance pay. We have some of that, although once again the performance there—that is I guess what really triggered me last night when I started reading that 3,000 or 6,000 people; we will go into the figures a little later—will end up with some severance pay in Ontario. Then I take a look at the kind of permanent loss of jobs and where we stand on unemployment today and the fight we have had to get it, even in some of those cases, and the fact that in some cases they got it because it was provided for by their contract in any event. I realize we really have not dealt with the issue at all in any effective way.

10:40 a.m.

We recommend that private plans be reformed through vesting. We are moving slowly in the pension field, but it is another area I want to talk about. I have a number of letters in here. We may not get to them, and they are really not entirely in the Ministry of Labour's domain.

We are finding that in some plans where plants close, if there are not specific provisions for excess earnings or investment in that plan, the principle that I thought we had adopted that it is deferred wages doesn't necessarily hold true. It doesn't necessarily get dumped back into the plan unless there is specific provision for it. The steelworkers are currently fighting a number of cases on this. In some cases the money is turned over to the company or to the receivers that are handling the distribution of funds. We have one hell of a loophole there in terms of what protection there may be for workers' pensions.

There is some good work being done on the manpower adjustment committees, and I acknowledge it. We have argued strongly for the establishment of a community adjustment fund, financed either on an ongoing basis or by a levy on employers or by a one-time levy on employers who effect a plant closure or mass layoff. These are a couple of other economic suggestions we have made in terms of planning that might give the local community a better chance to have some input on what they might do in terms of providing alternate jobs.

Where layoffs or plant closings take place and where the employer owns or operates any other plant in Ontario, we recommend that laid-off employees be given the right to take new

employment opportunities at these plants. That is an area where we have some loopholes. The minister knows of one or two of them.

We recommend that the Labour Relations Act be amended so that when an employer relocates, the union which holds bargaining rights should continue to hold them at the new location. It's really an extension of one of the bills I have made.

I would like to go into the job security act we proposed, but since there are so many things to cover, I won't. There are any number of suggestions there that do have some real possibilities, but for some reason or other we just don't seem to see any effective work on them.

I was interested, and I mentioned it briefly, in the piece that was in this morning's Globe and Mail. The headline on it is "One Million Jobless Not Being Listed." We know that while we show over 500,000 unemployed in Ontario, you can garner an additional 200,000 from the statistics, the hidden unemployed, and that it is really over 700,000. If this report is accurate, and it probably has as much chance of being accurate as a number that we've heard around the province today, then we may be shortchanging the number of unemployed in this province by a considerable percentage point.

The Social Planning Council of Metropolitan Toronto says the figures don't include the 495,000 discouraged workers who have given up looking and the 400,000 who are underemployed, working part-time, because they can't find anything else. If the two categories are included in the federal estimates, the real unemployment, they say, might be as high as 2.3 million. My feeling is that is a little high. The point I am really trying to make is that we have a problem of immense magnitude in terms of the kind of unemployment that we are suffering in this province now. It really requires an all-out war on unemployment. That's the problem, not the inflation or anything else. What we are seeing are Band-Aid measures.

They say here that in Metropolitan Toronto the official unemployment, as of December 1982, was 160,000 and that the rate would be 9.1 per cent, but if their figures were accurate there would be 265,000 or 14 per cent. In Hamilton we already have 15.1 per cent and I know that figure is not totally accurate. That's without accepting that there may be some validity to the argument being made by the Social Planning Council of Metropolitan Toronto.

There are a number of interesting points made here, but I think the last couple of points

they make are valid. "The social planning council report pointed out that federal efforts to bring down inflation by raising unemployment were misplaced because they need to be dealt with as two separate priorities." I would have added the provincial efforts as well into that.

"Major causes of inflation include such institutional factors as control of prices and markets by large corporations, high interest rates and the need for Canada to import many of its manufactured goods. Unemployment, on the other hand, is a problem that is directly related to the lack of planning or capital investment within Canada. One result has been the virtual collapse of an already weak manufacturing sector."

It's not only control of prices and markets, although I guess that's the angle you would use with a case such as the SKF plant I mentioned. There was a deliberate intent five years earlier to shut down that plant and there was a deliberate move to reduce the profitability of that plant and the high production runs. I suggest to you, Mr. Minister, that's not uncommon today. It's part of our problem in terms of the branch plant economy that we suffer from in this province. We had better start seriously trying to get a handle on that particular issue.

If you took a look at the score card on some of the suggestions we would have made, although these weren't moved as bills in the House, the record would be about the same: government of Ontario, about 21; workers in Ontario, one or two, at best, in terms of what we have accomplished.

I want to point out a couple of examples to underline my point in terms of plant moves and closures. The minister is well aware of one. He is not aware of the latest development on it, and I am not at liberty to give some of the details of a meeting that he doesn't even know about as yet, except to tell him this: If the union was prepared to sign a contract that effectively gave up almost everything it has won, True Temper Canada Ltd. might be willing to stay in Hamilton.

We have an example here that the minister did get himself involved in. We brought down the president of the local, the staff representative, and we raised the issue ourselves, but the company has decided that the 72 workers with up to 30 or 35 years' seniority don't really count.

Rationalization is part of what I am talking about and the fact that we have no effective answers to deal with the deindustrialization in Ontario. A company decides it is going to move its operation from Hamilton to Tillsonburg.

They are going to produce the shovels, although we understand they have backed off on this now, at their Cork, Ireland, plant and they are going to rationalize their production around the world. They will add a new line in Ontario. They will build wheelbarrows now and they are going to move it all to the Tillsonburg plant.

They will hire—they are trying to make a good impression in the new locality—up to 100 workers. Until we finally got involved in the discussions, in their meetings with the union—some of these statements were in front of some of the ministry personnel—there was no place for the Hamilton workers in the new operation.

They were hoping the workers weren't going to move because, while they weren't overpaid at True Temper—\$9.25 was the job rate—the suggested wages for the new plant in Tillsonburg were \$6 to \$7 an hour. How many of the long-service employees would have been able to move with their commitments—buying a house, etc.—I don't know, but there wasn't even going to be the opportunity for those workers to move.

Then we got involved. I give the minister credit on this particular point. He went after the company, the American owners, and I think he did it legitimately, but it's an example that he should himself give a little more weight to in his thinking. He did it because the situation was so obvious, so inequitable, so wrong in terms of what we were doing to those workers, that nobody with an ounce of compassion could come up with any other approach.

Yet our problem is that we have nothing in legislation to give them any clout. The minister himself has indicated that. We have nothing. We have got to go and say please and thank you and appeal and beg the owners of this plant to consider those workers.

The company is in the process of doing a rationalization of its entire production. They told the minister in the last letter I saw to him that it will be some time yet before they know exactly where they are going. There has been at least one further meeting at an airport strip hotel requested by company people and the proposition was: "You give us a free hand and we might reconsider our move." We're being made suckers of every day of the week in terms of our dealings with some of these international conglomerates. We don't have legislation in this province to deal with it.

We have a number of cases that I think are useful to raise. We have another case which is difficult because there are a number of compli-

cating factors, but it's just about as bad in terms of where the workers end up. I know the employment standards staff are involved in this case and I am hoping they're going to have some answers for some of these people. Once again, in terms of the law and how it stands, we may not be able to do an awful lot for these workers. In terms of any moral or real responsibility to workers—I know that moral responsibility means nothing in Ontario—I think they are entitled to some help. I am dealing there with the current closure and dispute with Dylex Ltd.

10:50 a.m.

Dylex is a pretty big and powerful company. If my information is correct, they showed profits of about \$18 million last year. They closed down their Lake Shore plant, the old Tip Top Tailor plant. The company met the letter of the law; they laid off indefinitely 42 employees, they gave everyone maximum of eight weeks' notice and they offered alternate employment at the Weston plant. There happens to be a contract that is not as good for a number of reasons at that plant. In technical terms, these offers meet the minimum requirements of the law.

With respect to the work force disposition of the 42 employees fired, the severance slips say "shortage of work." Some of them agreed to go to the Weston Road plant. For those who refused the offer of the transfer, their severance slips say "quit."

What did going to that plant mean to them? Because there is no other provision in the contract there—they are separate contracts—it means they go to the bottom of the seniority list. It also means they are accepting fewer benefits and there is a serious question as to what will happen with their pensions. There are already layoffs taking place at the other plant owned by this particular company, so even going there and accepting it is probably going to be extremely short term. There is no guarantee of security whatsoever. You can understand why some of them would be offered and some not.

I have to tell you—and it is a position their union agrees with, though on occasions there have been differences within the union of that particular plant—a charge was made to me by a staff representative for that plant, and it is a charge the workers themselves make. It is a valid charge that the company picked and chose who it wanted to offer the transfer opportunity to. It certainly did not go by seniority.

One employee received a letter on September 28 that said: "This company has decided that,

effective November 30, 1982, our Lake Shore Boulevard operation, Canadian Clothiers Division, will be closed. Effective December 1, 1982, you will be provided with employment at our Weston Apparel Division at 965 Weston Road, Toronto. You will be covered by a collective agreement with the Amalgamated Clothing and Textile Workers at our Weston Road division.

"This offer of employment is made to you pursuant to the provisions of the Employment Standards Act of Ontario. If you fail to report at our Weston Apparel plant on December 1, 1982, this offer of employment is deemed to be withdrawn."

As I say, it is really not much of an offer to begin with. On the other hand, to a person with every bit as much—in this case, I believe, more—seniority than the other worker whose letter I read—I have their names here but I will not use them—the letter from the company says: "This company has decided that, effective November 30, 1982, our Lake Shore Boulevard operation, Canadian Clothiers Division, will be closed. This letter will serve as notice to you that, effective the end of this work day, November 10, 1982, your employment with this company will be terminated. I would suggest that you contact your union as soon as possible with a view to obtaining employment at another company."

Hon. Mr. Ramsay: On a point of clarification only, those letters were sent on the basis of seniority lists?

Mr. Mackenzie: As far as I can tell, no. From everything I can ascertain in the case, the company went through the employees' list—maybe it was because they were active in the union or what have you, because there have been some disputes in that plant—and decided on those they did not want and effectively carved them out in terms of that kind of a notice.

There is really no requirement for them to even do that. That is one of our problems.

Hon. Mr. Ramsay: Just one further point of clarification. How many received the first letter and how many received the second?

Mr. Mackenzie: I do not have those figures. I know they have been meeting with your employment standards people; it may be available to them.

Mr. Wrye: Just to clarify, I believe that some 42 were given the termination letter and 102 or 103 were offered the alternate employment.

Mr. Mackenzie: Forty-two is the work force disposition.

Those who got the eight weeks' notice period were not all given full-time employment. I think that is one of the issues that is being discussed by the employment standards people. I think that was a deliberate move on the company's part to see if it could get away with it. The offer of a transfer, as I said earlier, is phoney. The Weston plant is laying off, a few are taken on at minimum wage for a short period and then told to go and apply for UIC benefits.

I have to make the case—I do not like it; this is one of the things we have argued against—about the moral right to severance pay. There are long-service employees in this plant, and those who accepted the transfer waived any of that right, even though the transfer was not worth the paper it was written on. Regardless of the circumstances, we are tied into ineffective legislation. If you do not meet the crossed "t" and the dotted "i" you are at the mercy of the company.

It goes back to some of the arguments I have made about neutrality. A Minister of Labour who takes the position that his responsibility—I understand the arguments he is making—of absolute neutrality, is not neutral because the dice are already loaded in terms of the workers.

We are having a real discussion with employees right now, as you are probably aware. I am not going to go into all of the details of the closing of 22 major Loblaws operations over the next few months. As I understand it, some of them—not necessarily all of them—will be transferred to no-frills or other stores. In my own town, the super store closes down for a period, I think, from January 20 or 28. I was a little surprised at that because it is probably one of the biggest single Loblaws stores in the entire province.

The cashiers have been offered a transfer. For the bumping procedure, they have what I would call partial province-wide seniority rights within that particular operation. One cashier, who has been there seven or eight years, came to see me. They will not take this woman on in the new no-frills store. They will take her on very limited hours, as a part-time worker, if she wants to accept that.

The only value of the transfer is if she goes to London or Barrie. Her husband, a truck driver, is on short time at the moment and will probably be off work altogether. He may qualify for a Workers' Compensation Board pension because we have been dealing with his case for some

time. Her income is important to that family at this particular time. What good is that transfer offer to her? How is she going to pack up and move to Barrie or London, the only two options that were open to her? That is not a heck of a lot to protect the former part-time employees, although some meetings are going on and there is a little more room to manoeuvre with the particular union in that case.

I have, however, had similar calls from Canada Safeway Ltd. employees and from Dominion Stores Ltd. employees. It seems to be standard now. Apart from the increasing number of part-time employees in these operations, we are also finding that their benefits are at risk. A major rationalization seems to be going on in the retail trade.

I think there should be some guidelines set down by the minister very quickly for these kinds of changes that are going on in basic business operations in Ontario. The guidelines should say, "Hey, one of the requirements of any such reorganization or rationalization of major chain stores in this province should be that there is some additional protection and rights for the workers involved."

I do not think that is asking for too much. I noticed with interest an editorial by David Crane in the *Toronto Star* on December 23 on plant closings. It just happened to catch my eye. It talks about the RCA Ltd.'s plant in Midland. I am not making a case for this, but perhaps I can use a couple of quotes:

"This year the parent company had to make some hard decisions about the future of its TV operations. It had three colour TV tube plants in North America—two in the United States and one in Canada—but decided it needed only two. So the decision was made to close the Canadian plant and keep the two US plants operating. RCA's Canadian TV set assembly plant, which employs 250 workers at Prescott, Ontario, will in future get its picture tubes from the US."

I could go on. There are a number of interesting things. "Since a branch plant has no autonomy of its own, the decision of the parent company has to be accepted by the subsidiary. It cannot do what an independent business would do, upgrade its investment and seek new markets or compete against its parent's other plants."

I have had no call from the union involved. I am not sure if that was the United Auto Workers or who it was up there. The point I am making is that once again when the workers are faced with his kind of a decision, we have no clout in

stopping these kinds of things from happening and in most cases we cannot get a good argument.

The Bendix Automotive of Canada Ltd. situation and some others before our plant shutdown committee proved that the companies were still viable money-makers. A decision is made, however, that directly affects our workers. In most countries of this world, I suggest to you, there are probably more protections for the workers themselves, or rights for governments to challenge a corporate decision, than exist in this province.

11 a.m.

I know that means interfering with private enterprise, and that is a no-no with this government. I do not know how in blazes you are going to answer what is happening to the deindustrialization of Ontario and what is happening to workers if you are not prepared to tackle that. That may not be entirely within your domain as Minister of Labour but, by golly, you are supposed to be responsible for what happens to workers in Ontario.

I had a letter from an employee on the Westinghouse Canada Inc. case. I am not going to try to read it all. His English is not very good and it was unsigned so, as a result, I sent a letter to the union. He said: "I work at Westinghouse; layoffs very high; short time exist. Conditions of workers is terrible; no incentive to work; everything doom and gloom. Yet not word of these conditions or layoffs, as I say, appeared in the press; not even a word released by the union on this. This is rather strange. I have seen reports concerning health and safety in the papers, but again nothing about the work situation. Believe me, people in the plant are asking questions."

"Today's *Spectator* there appears a large article in regards to the Portuguese leaving Hamilton; actually refers to many skilled Portuguese. Again not a word about the skilled workers of Westinghouse."

As a labour critic, I believe you should demand a full-scale investigation as to the 50-odd English immigrants who were brought to Westinghouse as so-called skilled workers, and last Friday were bought off by the company and given plane tickets back to their homes, along with other money and expenses paid. What did Canadian workers get in remuneration when laid off? Nothing.

He goes on—I am not going to read it all, but because it was not signed, I sent a letter to the president, Tony McNulty, of Local 504 in Hamilton, and I said: "Please find an undated, unsigned letter that I received in my office

today, obviously from a Westinghouse worker. I presume by the information he outlines, that he is genuine and that he is indeed a Westinghouse worker, in spite of the letter not being signed. I have raised Westinghouse issues from time to time, as you know, although I have not dealt with the numbers or percentages of Westinghouse workers currently unemployed for some time. Could you give me some comments on this particular letter?"

I think some of our problem is outlined in the letter I got back, dated December 6, from the president of this local:

"Dear Bob:

"Thank you for your letter of November 30 enclosing the note from a Westinghouse worker. The comments in the note are basically correct. Although we have no official confirmation of any payments being made to the tradesmen the company had brought over, all indications point to this being fact. The situation at Westinghouse is as follows:

"Aberdeen Avenue plant switchgear and control: Being moved to Mount Forest. Over the past few weeks, truckloads of machinery have been moved out of this plant, including drill presses, bending brakes, pierce awls, punch presses, lathes, milling machines, grinding machines, bending machines, stacker cranes, welding machines, band saws, Ola saws, numerically controlled drills and Weidermatics; plating shops, complete.

"In this plant, approximately 120 jobs remain and most of these will be gone by spring. One product line, relays, has not yet had a determination of its future. Some workers have accepted severance pay and some have taken early retirements and others have been placed in the other two plants.

"Sanford Avenue plant, turbine and generator division, large number of layoffs in past two-to three-week period. Many skilled machinists, also some tool and die makers. This is the division in which the people the company brought over from Britain in the last 12 months were working. The company has opened a plant in Renfrew with massive government assistance. Some machinery work has gone to the Renfrew plant. The orders being filled there are for Libya, but they appear to be just about completed. Some repair work is being done at this plant.

"Beach Road plant, motor and transformer divisions. The motor division has been flat since around July, with layoffs taking place in a number of departments on a four day per week operation. The transformer division has slowed

down to large numbers of employees being posted as surplus. Layoffs are continuing on a weekly basis and the period ahead looks extremely bleak.

"As to the lack of publicity in the media, the situation at Westinghouse has been continually reported to the local labour council. The press seem to ignore it. I had asked for an interview with Brian Christmas of the Spectator, and raised the question of media silence regarding the layoffs and movements of machinery out of this plant and operation."

I raise this once again only to point out what is going on and the fact that, if we get into it at all, we get into it after the fact. We have nothing in legislation that says the benefits the workers have achieved over many years of service goes with them to the other plant. While some, as you reported yourself, may have moved to other plants in these operations, the majority of them have not.

What disturbs me is that you can go on and on with cases like this. I want to deal briefly with one that we raised in question period, the Sparton of Canada Ltd. update, because I think this is also important. The issue, Sparton of Canada, London, a subsidiary of the US-based Sparton Corp., after substantial reductions in its London work force, announced that it will set up a second plant in Campbellford, Ontario.

The London plant is organized by the United Auto Workers, Local 27, which sees in this announcement a deliberate campaign by management to break the union by moving to a union-free site. The Ministry of Industry and Trade, through its plant location division, was instrumental in assisting them to find the new location in Campbellford.

The background: Sparton Corp. is engaged in oil and gas exploration and development, the manufacture of military and commercial electronic components, products for automotive and telecommunications industries and automated industrial materials handling. Sparton Corp. has 13 facilities in the US, all of them nonunion. The company's history is one of trying to defeat and break unions. According to a London Free Press article—and they have attached it—the company refused to tell a reporter where the US plants were located when he wanted to question him about the background of the company's operations.

The London operation has been in production since 1930. Over the years, they have produced phonographs, vacuum tube radios, kitchen cabinets and refrigeration parts. Now

they produce sonobuoys, passive listening devices for anti-submarine warfare.

The UAW certified the plant some four or five years ago, as I am sure the ministry probably knows. The majority of the work force are women, earning in the \$5.75 to \$5.85 an hour range, not very high wages. With the background of the company you can understand that quite easily.

They had a major strike from August 1981 to January 1982. In January 1981 there was a work force of 225, but at the time of the strike in August, 142 were laid off. I know some of the wags will ask, "Why do you take them on?" If you knew some of the background, the conditions and what was going on and the fact that you either strike when you do have a contract up and negotiate and try to resolve the issues or you are out of luck, you will know that sometimes you are forced into a position where you simply have to strike.

In a letter to the employees of November 11, 1982, the company announced its Campbellford operation. It gave no assurance to the London work force. It is the old story once again.

In a copy of the news release which was initially refused to the London Free Press, in a handwritten note under the initials of the plant manager, they make the note, "Does not mean the London plant is closing; will have no effect on employment in London."

A conversation with a former management employee at the plant said the Canadian management were given implicit instructions to do what they could to break the union in that particular operation. Attached to the stuff that has been sent to a number of people here are letters between the union and Gordon Walker, and a letter to the leader of my party by a former management person. He was requested by the union when they dug him up and talked to him.

"I take this opportunity to bring to your attention concerns I have with the recent announcement that Sparton of Canada of London, Ontario, is establishing an additional facility in Campbellford, Ontario.

"As a past senior staff person of Sparton, London, I see in this announcement management's continuing efforts to break the union, UAW Local 27, at the London facility.

"In that regard I mention three situations that serve as confirmation:

"Firstly, when I was"—and I will leave out his title—"I attended a meeting of senior staff in March 1981 that was discussing the business projections of Sparton for the upcoming years.

In the course of that meeting D. W. Hockenbocht, president and chief operating officer of Sparton Corp. of Michigan, turned to K. Holland, director of personnel relations and stated to the effect, 'I want that union out of here; break it.'

"Secondly, prior to my layoff at Sparton I had access to the business plan for 1983. In the section dealing with personnel relations, the statement was made that management was continuing to operate in such a way as to get rid of the union.

"Thirdly, as a shareholder of Sparton Corp., I attended the company's annual meeting in October 1982, in Michigan. At that meeting I asked J. J. Smith, chairman and chief executive officer of Sparton Corp. what plans the company had for its Canadian operations. Mr. Smith answered that there would be no new business in Canada until labour problems were resolved. It should be noted that the strike by the UAW at Sparton Canada had been settled well before the annual meeting in October.

"I raise the issues with you because I am concerned about the jobs that may be lost in London, Ontario, as a result of Sparton's intention to open an additional facility in Campbellford, Ontario."

Now, there are letters to Mr. Regan federally and to Gordon Walker. I find Walker's position very interesting. In effect, they have to respond and assist them and find a place when a company wants to make a transfer or move operations. That is part of his ministry's responsibility. I wish it was the responsibility of the Minister of Labour to say right from day one that you can't do this kind of thing to people.

11:10 a.m.

I don't know what has happened in that case. I haven't followed through on it. My correspondence on that is December 9, December 2 and earlier in 1982. It's not too long ago. I simply point out whatever has happened—and I suspect nothing has happened to resolve the issue—that's yet another example of the kind of protection and priority we give to workers in Ontario. It's really zilch.

I would like to have from the minister an outline of what, if any, initiatives we are undertaking to cope with the problem of receivership and bankruptcy actions by employers in this province.

You are well aware that there is not a week that goes by that we don't have another operation in Ontario that has gone belly up. All too often the big losers are the workers involved.

Wages, severance pay, vacation pay, bonuses and other benefits are not paid.

When you do take hold of a case, as you have in a number of cases—once again, as I said last time, I hesitate mentioning anyone simply because I don't know whether we get them in trouble when the critic for one of the opposition parties praises one of your people. I have had good co-operation in efforts to do something about this. I think the legislation and what we've got to work with is totally inadequate for your employment standards people.

I recall one case, Enzo Haulage. I have a concern here in Hamilton. I probably had as much to do, as well as their lawyer, with forcing this case to a head as anything due to the obvious shenanigans in the receivership operation there where we had the company back in business within two weeks with the same equipment and everything else on some kind of a lease basis from the receivers.

When we do take action—there was a lot of work done in that case—we know that it's a period of not weeks or months. It's more like a period of years before we get to the resolving of a case. In the case of Enzo Haulage, since operated under a number of other names and continuing in business, we are in the third year since I first raised this and went into detail. We have had a number of go-arounds on it.

The 27 or 28 drivers who initially came to see me, all of whom are owed anywhere between \$1,000 and \$2,000 odd, have not received a cent. They, quite frankly, are now resigned to the fact that they probably won't get it, even though there is a judgement that has been won on the \$36,000 owed to them and even though the owner of that firm spent one night in jail. He was convicted. He was out in one hell of a hurry, I might say. I believe the case still continues.

I guess what bothers me now is that it is in the hands of the Attorney General (Mr. McMurtry). All of my correspondence over the last few months in this particular case has been with him. Both I and Mr. Simpson, the lawyer involved, get the distinct impression that our fight now is to get him to continue the prosecution. Is it worth continuing any further in this case? Maybe we're afraid that we might send the guy to jail again for the second time, for a little more than a day this time.

The minister can go back and look at the information he has on that operation. He can go through his employment standards people. He can deal with the Attorney General and he will know that if ever there was a boondoggle, it's

what happened to the workers and their money in that particular case.

We have had the decisions in court. We are still continuing. There is still a serious question as to who has the assets and some good evidence given as to what the hell is involved here. Other members of the family are running the same business, doing a pretty good business, even in these tough economic times.

There are a number of examples in this. When are we going to do something? I know your answer. Basically, your answer is, "Hey, this is the feds' and you really can't do too much about it." First, my concern is that this is another example where there is protection for the aptly called preferred creditors, the lenders, the bankers and the suppliers. At the bottom of the totem pole, and those who stand to get hurt the worst, once again, are the workers. They don't count a whit in a situation like this.

Before you defend yourself from what may be unfair attacks—and I'm referring to the lack of jurisdiction—I recall the Minister of Industry and Trade (Mr. Walker) questioning the propriety of giving workers any priority over the investors in an exchange that we had in the House some time back. He, as I have said earlier, is quite willing to declare himself on the side of the business community. I guess it depends on whose side you are going to take on this particular issue.

Second, time and time again we have gone after your predecessor, Mr. Elgie, on this issue. He repeatedly professed his concern and even stated very clearly that he sympathized with our position on this issue. His only comment or defence was that federal legislation was needed and that he was communicating with his federal counterparts about his concern in this particular area.

I would like to know if the minister would have the gumption to table any letters that have gone back and forth between the ministry and the feds on this particular issue; any correspondence the Ontario Ministry of Labour has sent to the federal minister responsible for bankruptcy actions and how they affect moneys owing to workers. I would like to know exactly how tough you have been on that.

Would the minister also tell us—because I refuse to believe that it is impossible to resolve this issue or to have some protection for workers come from the province whether the feds act or not—what "made in Ontario" steps you are carrying out or even contemplating to correct the injustice of the plight of the workers when

the employer goes into receivership or bankruptcy and owes money to workers by way of salary or benefits?

This is a very serious problem. It's an increasing problem. I want to know if there has been any real, positive action whatsoever from the Ontario Ministry of Labour in dealing with this question, or is this particular group of workers to remain as they are now, the least of chattels?

You know the fight we have had at Galtaco Inc. I think they finally received some of their severance pay in that case, but they didn't get anywhere near what they were entitled to.

You know the fight that was involved in the Gendron Industries Inc. plant closure over severance pay. You know the fight at White-McKee. I have had a lot of correspondence on that. Your ministry has been involved in some of the cases of whether or not they are entitled to it.

I have correspondence here from federal members about individuals coming to them. One of our federal members was involved in the Canesus Systems Ltd. case. I recall the case of Miss Bishop in my riding and she and her dad coming to me. Yes, you people did a fair amount of work in that case, as well. She received a cheque and cashed it at a store. The cheque subsequently bounced, and she is the one who is up on charges. She never has had her money in that case and they are going to prosecute unless she makes good the cheque. You not only get screwed if you are a worker in these deals, but they rub your nose in it.

Why don't we have legislation that attempts to resolve some of this on a provincial basis? I have no difficulty. I know there are Tories and business spokesmen here who will not accept it, but if there should be a priority in a receivership or bankruptcy, it should be the wages that have already been earned by the employees and any of the other benefits that are there. I really wonder when we are going to decide to take on seriously the issue of severance pay and of benefits in receiverships or bankruptcy cases.

Let me deal with another example of the need for some real clout in terms of labour and employment standards. A recent case we got the minister involved in was Canadian Pizza Crust Ltd. I know the minister is aware of the problem and what has happened since.

There is no question in my mind that we probably would have won a case of discrimination. The human rights people and the employment standards people would have been and

were approached in this case. I do have a complaint that there wasn't firm enough and fast enough action initially. As a matter of fact, there wasn't any real action on this until my leader got up in the House after we had been working on it for a few days.

Prior to doing that, we had had a meeting. I was pleased to see the solidarity there, because they were new Canadians, East Indian women. Only two of them had any command of English, but 21 of the 22 attended our first meeting and all 22 attended the second meeting in our caucus room and went over what was happening to them in that plant.

What happened was the company, Canadian Pizza Crust Ltd., gave a 30 cents an hour increase to the daytime shift, most of whom—not all of them—had a little more seniority, and most of whom were not East Indian women. They promised it to the others and then reneged. They didn't give them the increase on the afternoon shift.

You know, there is a growing feeling that, "We're not going to continue getting taken, even if we have some disadvantages in lack of command of the language or don't have the union"—and they didn't have a union in this case. Workers are starting to realize that they are the patsies in almost every one of these situations.

The women started to kick over the traces and go to management and say they wanted it. What happens? They get fired. They run into problems in justifying their unemployment insurance. We finally won that case, as the minister is probably aware. They are going to be paid for the period.

11:20 a.m.

The argument before the UIC board was: "Do you really want 22 individual appeals? You are going to lose them and you know it." The feds backed off and are now paying. They were not going to initially, the first few weeks in that case. There were 22 women who are out of work. We had to raise it in the House and point out the unfairness, point out what was going on to step up the efforts by employment standards and begin to suggest that there was a human rights case here as well.

The company was in a spot. I know the minister sent Mr. Sparling in and was pretty tough about it in getting something done. We once again are in a case where we have to initiate action. Most groups of workers like that, I am sorry to say, probably would not have had

the gumption to do what those women did. They tied in with some community activists who were willing to make a case out of it. The ministry knew that.

One of my colleagues in the justice committee raised it with the Attorney General after he made some pretty nice remarks about human rights in this province and he was not aware of the case. Mr. McMurtry was quite upset about what was happening to these women. He also said he would look into it. We started getting some action.

The end result is that a deal was negotiated where they were taken back. So what happens? I have raised this with the minister in the House. They are back at work. My colleague here, Marion Bryden, attended their celebration. I am sorry I did not make it. I understand the dancing, the food, everything was delightful; the people were tickled pink one Saturday night here in Toronto. They had been trying to get through to someone to get some action for a month before we raised it in the House.

I want you to know what the company has done in that case. They were on a 40-hour, five-day, eight-hour week. The company, a day or two after they are back, put them on four-day, 12-hour week and instead of finishing at midnight, they finish at three o'clock in the morning. There is no transportation where they are; no nothing. They were scared. They thought they were probably out of jobs. We had to get a commitment from them when we dealt with them as to whether they were ready to go all the way including to court in this deal and there might be a fight before we finally got some action out of this ministry.

That issue is not yet resolved. I do not know The arguments; I have not been back to that one as yet. To deal with it they have organized car pools to try to get them home, but that is just deliberate and vindictive meanness going on in that particular case. Once again, it was a week or two ago. Maybe the minister has initiated some action on that, I do not know, but it is still going on.

I want to know where workers in Ontario stand on the totem pole and how this kind of nonsense can go on for a group of new Canadians working, who are not yet very articulate in the language. It is pretty obvious to me that there is an intent on the part of the company to break that group of workers, as in the Irwin Toy deal.

It is very difficult for them to organize, that is

obvious. Maybe the company knows it. The 22 women will sign up for a union. There is a slightly larger number of women on the day shift and a lot of them are new Canadians. I know a few of them have signed. I will bet you my bottom dollar if the company knew who, they would not be there very long.

Eventually, the answer will probably be a union. Unfortunately—not unfortunately, because I happen to believe strongly in unions—it is the only real protection they are going to get because unless we get just an outlandish and obvious case and then pressure the ministry, there is no real legislation or clout to get in and rectify situations like this.

I know the procedures are there for board charges, but I am going to give you an example very shortly of where people are scared as hell, where they have no protection or no union to go to. Today, with the kind of restraints and restrictions we are putting on people and the way we are kicking them in the guts with things like Bill 179, they do not have very much faith in the word of the government in any event.

What protection are these particular workers at Canadian Pizza Crust going to have? What are you going to do in future, not only with the situation that has developed there now, but to make sure we do not have a particular deal? What are we doing about new immigrants not very familiar with the language—like this group—or the law to protect their rights and to facilitate by bringing complaints against unfair practices or unfair employers?

I resent very much, not the fact that you finally took a bit of a hold of it when we came to you, but that they had been striving for a month or two to get some real action going and then things did not start really happening until the issues was raised in the House.

Women and equality remain an elusive goal in the work place of Ontario. There are few areas where we hear of more programs. I think 26 or 27 pages in your statement are on the women's issue, but if we are not prepared—and I want to go into this just a little bit—to accept and enforce the principle of equal pay for equal work value we are on a slippery slope to nowhere on contract compliance and mandatory affirmative action programs.

The minister's excuse—and I think it was his; as I said yesterday, I was trying to find your statement—that costs were the problem in this particular area was really one of the most disappointing cop-outs I have ever heard from a

Minister of Labour. It was a straight management argument, because that is all the argument management gives you about bringing women workers up on a par or getting the same pay for the same work. It is not a worker's argument or defence; it is a management argument and it is, as far as I am concerned, a ghettoization of women employees; they are a separate group altogether.

When you say that, what the minister is saying to me is that you are certainly not a Minister of Labour. If you are not a minister of management, and I will not even accuse you of that, I will accept that you are trying to be neutral. But I make the point as I have made again and again, there can be no neutrality when the dice are already loaded totally the other way.

I want to deal with just a couple of things, because you spent a lot of time on women's issues and we will go into this on the vote a little bit. A few things have really bothered me as I was listening to all that we have done or all that is happening in terms of women workers. The Ontario civil service is an example.

You got a lot of mileage in your statement, or attempted to, out of the tremendous progress being made. There are 15,783 women who earned less than \$15,000 in 1981; 56 per cent of the total women employed. Women earn only—I am talking about the Ontario civil service—72 per cent of the average male wage.

The rollbacks for office and clerical workers for 1983 affect at least 17,000 workers in Ontario, 15,000 of them women. The reports of the Ontario Manpower Commission do not seem to recommend mandatory affirmative action programs in the private sector and that is in spite of the fact that we make the point with you. One of the things I did in reading your comments was to go back to some of the arguments we had from previous ministers in the estimates over women. Where there are upward moves, in terms of the success of women they are almost minuscule.

There is a total lack of acceptance of equal pay for work of equal value legislation. Affirmative action programs and contract compliance, from your comments, seem to be rejected. We are going to continue a voluntary approach to the issue of equality for women in the work force.

I am having a little difficulty, Mr. Chairman, because I had a set of figures that I really wanted to use and I may have to come back to them a little later when I can find them. They are just out at my fingertips. I must have taken them out

when I was reading them last night and left them someplace else.

These are not the figures I wanted to use, but in your own record, you have in place 175 programs dealing with women over a seven-year period from 1975-76 to 1981-82. That is an average of 20 programs a year. The breakdown is that 141 are in private companies, 22 in boards of education and 12 in municipalities. That is—we use these figures from December 1981, Statistics Canada—141 out of some 266,000 companies in Ontario. Just a little better than half a per cent of the companies have any firm, positive programs in place.

In 1981-82, some 15 new affirmative action programs were initiated, and the women's bureau indicated they contacted 60 employers. Of the 15 new programs, eight are companies, four are boards of education and three are municipalities. We made the comment in the House—I think you took some umbrage on it—that at the current rate of 20 programs a year it would take about 13,300 years to put affirmative action programs in place with Ontario companies.

11:30 a.m.

The resources we've put into it are inadequate. I know the arguments, once again, in terms of financing. There is an undeniable male-female wage gap. We've used the figures again and again. Statistics Canada tell us that women working full time earn about 63 per cent of men's full-time wages. However, when we adjust for human capital differences such as age, seniority—this is one of the arguments made—job level and education, women's average earnings rise to approximately 85 to 90 per cent of men's.

That came out of one of the reports. I looked at it and I really had difficulty in accepting the argument. What you are also saying is that you set different ground rules as to how you decide whether or not you are going to make a major effort to fight for equal pay for women.

Certainly, contract compliance and mandatory programs to begin the road to equal pay for work of equal value are an absolute necessity. It's one of the areas where I really feel strongly the ministry has been lacking in progress.

I am going to get together with Marion Bryden; there is a document I have somewhere that I think was devastating in relation to some of the comments you were making in your remarks yesterday. The figures and what has happened are some of the things I particularly want to put on record.

There are a number of other things that I said

I was going to raise briefly, and I do want to raise them with the minister—more, I guess, to underline some of the shortcomings in protection for workers in Ontario than anything else. We had a discussion with the employment standards people. We talked to a chap, I don't think I know him, by the name of Glenn Fenton. Mr. Scott was out of town the day we called. I'm going back a year now; not quite a year, I'm going back to March 1982.

To indicate the point I was making earlier, the kind of fear that exists, this letter came into our office, once again, anonymous. We were subsequently able to track down the person and talk to him. It was a male employee, but let me tell you, once again, I never saw anyone angry but so scared. It took us quite a little while to do some digging here. He sent this letter to the New Democratic Party of Ontario caucus office. It was anonymous; he didn't sign his name to it.

"Gentlemen:

"Attached is a letter received by all employees of Greenshields Inc. in their pay envelope of February 25, 1982. While we support the necessity to reduce costs by taking a salary reduction, we question the method and business practices of informing the employees. As you read this notice a few questions arise.

"Why were we not given advance notice of two weeks or a month, not retroactive to February 15? Another question: why was the letter not signed? Moreover, there is no mention of when these salary cuts will be reviewed—three months, six months—bringing our salaries back to the present rates.

"While we remain loyal and hard-working employees, we feel that to protect our jobs we must remain anonymous."

The letter they enclosed was:

"Notice to staff members.

"Officers and directors of the firm have been working on a reduced salary basis since the first week of January. Those salary adjustments were made in the face of a deteriorating business climate. Regrettably, the climate has worsened. It has now been decided by the executive committee to implement a salary reduction and to apply such reduction to all members of the firm whose remuneration exceeds \$10,000. The officers and directors referred to above will not be exempt from this salary cut.

"The payroll department has required an additional day to process these salary changes and cheques. Therefore, they will be deposited in the bank on February 26 instead of February 25.

"Stock exchange volume is down more than 50 per cent, and in these circumstances it is imperative that we effect cost reductions. Other investment dealers are taking the same steps and they are doing so in the long-term interest of their companies and their employees. I am sure you will understand this decision and do everything you can to support the company."

It's not really an argument of whether we do or not understand the decision or support the company. It's the fact it's retroactive, the kind of notice they get and how, and where can they go? They're afraid, literally, to go to ministry people.

When we called the employment standards people and did a check on this we were told that the employer can reduce salaries retroactively if necessary, but supposedly on the basis that the employees understand the need for such a move and agree to accept such a reduction.

I doubt that. I don't know of anything there that does protect them at all. I don't think we have such legislation.

If the employees do not wish to accept such a reduction, or at least feel that the reduction should not be made retroactively but that they should be given notice and have future paycheques reduced, then they definitely have grounds to file a complaint with the employment standards branch.

That is one of my problems, as I've mentioned to the minister time and time again. There was no complaint filed. We had the confirmation that if someone came in and filed there would be an investigation and that very likely the employment standards branch might rule that this change could not be made retroactively but that after the next paycheque they would probably have the right to reduce the salary.

In the final comment we got, everything depends on whether or not an employee comes in and files a complaint about the effective date of the changes being retroactive and indicates that they were not in agreement with the changes being made retroactively.

It took a little bit of digging before we found out the person involved in that particular case, let me tell you; it was fear. They are white-collar workers who don't like what's going on. They figured that they had been mistreated and misdealt with, but don't have very much confidence about going to the employment standards people.

If you have some industrial or union background, or you might organize—even there we have difficulty on occasion, but you might do it.

It takes a rare person in an unorganized office or business operation who will lay a complaint against his employer. I simply think that indicates, once again, total neutrality is just simply not good enough in our approach.

I had a very interesting letter. Once again, it was back in September. What caught my eye and what made me have a little bit of a laugh, if you like, is that it came from a president of a manufacturing firm. He is writing to the union.

He says:

"Dear Bill:

"I am writing to you about a subject we have discussed several times which is of great concern to ourselves and should also be to your union. I am referring to the quantity of imported work gloves being used by the automobile and parts manufacturers in Canada. The volume presently of imported work gloves in Canada is 68 per cent of all the consumption of these gloves in this country.

"While we realize that this matter cannot be put as a bargaining point during your present negotiations with the automobile manufacturers, maybe you, through your connections in the union circles, could apply some pressure in the proper places to remedy this deplorable situation. If things continue the way they have recently, there will be no market left for the glove manufacturers in Canada, which could spell the destruction of this industry.

"I sincerely hope that you will give this matter some serious consideration again and perhaps be instrumental in alleviating our serious plight and at the same time contribute to the wellbeing of a great number of workers in Canada."

I don't know, there may be very good union relations in that particular case. They probably were. The thing I find ludicrous is that you have a company president, and he signs himself as president, writing to the union asking, "Can you do something to help us protect these jobs?"

I don't reject that either, but I really wonder, and it's another example of what is happening in area after area and industry after industry that I am trying to lay before this minister. It may be in his case that they've gone to the Minister of Industry and Trade. They probably have, I don't know. But, you know, the desperation even sent them to the union.

When the union official contacted me—I won't read a couple of comments in his letter, let he was not unsympathetic—he asked me if maybe I could do something or if maybe I would raise it. That's really why I am raising it.

There was a letter that went to Bob White on

this as well, and to a number of other people. "Do you want me to send you a letter, too, Bob," is what the union staff person said, "about some protection for our particular industry? We think we are competitive, but we know we are not competitive in terms of even lower prices where there is unused manufacturing capacity at some of the big international conglomerates that are supplying the auto parts scene." But he said, "If you could use that letter in any way, shape or form that will help us, I'll get you 150 similar letters from 150 other unions or companies." He said, "We'll go to our management people and get them to send letters as well."

Really, I don't know what you do about that. It's just the ludicrousness of the situation in which people are so desperate about what's happening to our manufacturing sector that even company presidents are going to the unions and asking, "Can you intervene and do something to try to stop what's happening to workers in our industry?"

I'm going to leave this next issue for Mr. Martel to cover. It's a Workers' Compensation Board case. I've raised it briefly with you before and I am now getting a large number of complaints on it.

I'll read just the covering letter. It's from the Industrial Accident Victims Group of Ontario and Brian Cook, a community legal worker.

11:40 a.m.

He says to me:

"Dear Mr. Mackenzie:

"Enclosed please find a copy of a letter which I have sent to Mr. Lincoln Alexander, chairman of the WCB. The letter is about the board's policies on hearing loss and tinnitus. Tinnitus is a condition caused by exposure to noise and is characterized by a ringing or a buzzing sound, audible only to the individual.

"You will notice that I have proposed that the WCB arrange for a public hearing on the issues of hearing loss and tinnitus.

"I am sending this letter to a wide variety of groups and individuals who are involved in workers' compensation issues. It is very important that as many people as possible contact the chairman and express support for a review of the board's policies in this important area.

"Thank you in advance for your attention to this matter."

He goes on to make a number of very good points. I raise it only because in the fair amount of time you gave to your statement, I did not see a heck of a lot on hearing problems. Obviously it is another area where what I say does not count

very much or we are not getting through to you. Possibly the most important developing problem for workers in the work place may be the extent to which they are having a hearing loss problem or ear damage.

I can tell you, and I do not know if they are accurate on this, but in talking to John Lennie and the safety and health people at Local 1005 of the United Steelworkers of America they are willing now to predict that their estimates were low, and that well over half of the workers who retire from the Stelco plant are going to retire with a significant amount of hearing disability as a result of noise in that plant. The local is currently working on it.

It is a major problem. It is not very long ago that I pointed out to the minister that I thought it was one of the major problems we are facing in the safety and health field. I sure as heck am not getting a heck of a lot of feedback on what is happening; possibly, once again, because times are tough and things are so bad that maybe the workers are not going to be too hard to deal with or too rambunctious on this particular issue, so we can let it slide for another two or three years.

I hope that is not the attitude, but I have to tell you that my cynicism is growing and my confidence is not very great that we are going to deal with it.

I should like to get from the deputy minister an update of the votes that we have had under section 40. The last information they gave me was on January 18, 1982. At that time he listed 17 votes we have had under this legislation. I should like to know if there is a problem on this, and I should like to have an update of the votes in that particular area.

I should like to have some comment from the minister on the Burkett arbitration award for the faculty association. It was obviously a catch-up situation, and it was obvious that in his award he recognized that an argument that both the workers had been making, the University of Toronto Faculty Association, and that we had been making, was accurate. Boy, if the settlements of these people contributed to inflation, I simply do not know how you make that argument, because they were so overdue for an increase, much larger than what they actually got.

It is pretty common knowledge, whether or not some of the Tories will admit it now, that both the Peel teachers' arbitration award and the faculty association award were two of the things that particularly bothered the Premier of this province (Mr. Davis), and probably helped

to swing him over if there was any doubt in his mind to begin with, in terms of Bill 179.

I want to know if we are now seeing, in some of the attacks that are developing on the parameters for arbitration—and I see it in the second part of Mr. Runciman's bill and quite frankly it scares the hell out of me—an attempt not only to kick the hell out of workers with Bill 179, but also to say that in future the one real safety valve, the one really civilized approach we had in so many areas of labour relations, the arbitration route, is going to be weakened.

Is this a serious method? Is this a bit of kite flying? What are we going to see? Is it as a result of an arbitrator saying, "Hey, these people really have been hard done by for a lot of years, and they deserve the catch-up"—because that happened, and it really happened with only two groups that were maybe slightly above the going wage level increases at the time—that we are now going to make damned sure in Ontario that we have legislation coming down the pike that says, "Arbitration boards can only consider certain circumstances"?

If I interpret correctly what I see in Mr. Runciman's resolution before the House, for tomorrow I believe, certainly the salaries in allied groups or in other faculty associations or what have you, would probably not be able to be used as one of the criteria in reaching a settlement. Are we going to say that Mr. Burkett could not make a decision like this and say there is total justification—it is a good decision—for some catch-up provisions in the kind of award we gave these employees? Are we going to say that not only are we going to take away certain rights, but we are going to structure labour relations in Ontario in the coming months, in the coming years, in a way that prevents points being considered, things being done, other considerations being taken into account, in an award?

When I see that, and when you couple that with the one very recent ruling from the board I find totally unacceptable and where I think the board made a lousy decision—I know this probably bothered people of both parties—about whether or not the workers have a right to discuss politics in the plant, when I see these kinds of things happening I have to ask you, in view of everything else that is happening, are we now seeing a continuation and an increasing of the screws we are putting on workers and their rights in Ontario?

There is a hell of a lot to be said for the statements of Bishop Sherlock and of the Catho-

lic bishops about workers and their rights and how they are being restrained and restricted in this province. I think a number of questions in these areas are totally legitimate. There is the matter of severance pay. Before I get into that, there is the cost of arbitrators; in the comments before we started I just briefly raised it with Mr. Pathe. What is happening on the question of the fees for arbitrators?

Before we set up this expedited arbitration—and I mentioned that you had three pages on that in your report and that what is happening with that procedure is one of the success stories in labour relations in Ontario, the section 45s—we used to bring in bills that sometimes got as high as \$2,000 a day. The highest I can remember that was presented to me was a bill for \$1,890, and there were probably higher ones. There were some bills that were outlandish and some bills that bore no relationship to what they should have been or to the costs involved. Quite frankly, I do not know anyone who is worth that kind of money.

One of the arguments, and one of the things we understood when, a couple of years ago, we discussed at great length what could be done to speed up the long delays in arbitration procedures was the fantastic costs which were making it impossible for small unions to get justice. If it was a small union it simply could not afford its half of the arbitrator's price. Even if it was a large union that may have had a fairly good case, it was questioning more and more the costs involved. If they were going to have a two- or three-day session they were going to get charged as much as \$1,500, \$1,600 or \$1,800 a day, so even if they split the cost with management, they sure as blazes were not going to take too many cases down the pike.

At that time we even discussed a fee range. I cannot remember all of the figures; we looked at two or three ranges. I remember some of the discussions with the previous Minister of Labour. It seems to me that we did discuss a panel or a group of arbitrators and we discussed a \$300 maximum fee per day. That makes some sense to me, even today, even with inflation. We discussed that seriously at the time.

Part of the intent of this expedited arbitration was that we were not going to have outlandish and unfair costs that were going to penalize workers in Ontario or their unions. It is funny, we seemed to have a lot less complaint coming from management. I always got the impression, even in my union days, that they would spend the money if they thought they could prove a

point or win a case. It did, however, mean something where you had a more restricted access, with only your dues dollars involved, in a union. Most legitimate unions are operating right up to the maximum, barring maybe 30 or 40 or 50 cents if they are lucky, that might go into a strike, defence or education fund. They are using every cent they take in to keep the normal day-to-day business going.

The Hamilton Spectator of November 25 had a headline on it: "1005 Blasts Arbitration Fees, Now Ranging Up To \$1,300 a Day." They are back at the old trough, it seems, in the fees that are being charged. I will not read the whole article. Here, also, is a letter I received from a staff rep from another union:

"Please find enclosed a copy of each of the items we discussed on May 9 at the hotel strikers' picket line, when you visited our picket line.

"First, I have enclosed copies of the correspondence regarding the billing for section 45, Ontario Labour Relations Act, for your use in preparing arguments for some realism by arbitrators in their charges.

"Second, the story re strikebreaking that I mentioned to you, a story that appeared in the Globe and Mail approximately May 5, 1982.

"I hope both of these items will be of assistance to you."

That was another item that I was discussing with this particular staff rep. I think the letter is interesting.

This one is from—I will read you the letter without the names on it at the moment:

"I am in receipt of your letter of February 16, 1982, to Miss Jean Read at the Ministry of Labour regarding arbitration costs. After reviewing my notes pertaining to your case, I have found that the bill enclosed with my decision is in error. The correct fee should be \$1,000, not \$1,800."

11:50 a.m.

My God, I should have reread this. I did not realize we were back up to even \$1,800 today, which is what we had before we got this expedited arbitration.

"Accordingly, the union's share of costs is \$565.25. I appreciate your bringing this to my attention and apologize for any inconvenience this may have caused."

I probably should use the arbitrator's name in a case like that.

The covering letter is: "Please find enclosed a copy of an account received by our union for payment of a recent arbitration case pursuant to

a single-arbitrator provision of the OLRA. This instant case was heard all day on December 16 and less than half a day on January 19 and adjourned at 12 o'clock noon. It has been our union's understanding that the single-arbitrator provisions of the ORLA were to include some realism as to fees charged."

It is not just their perception; I don't know anything we have had more discussion and argument on with previous Ministers of Labour. There is not only this one and the headline out of Local 1005. I think I have in my file upstairs four or five similar letters from unions with attached bills. I suspect that if I put a letter out to the unions on this matter, which I may do very shortly, I would get 20 or 30 or 40 of them in. I know there have been complaints from unions in London; I know there have been complaints in my own city of Hamilton; I know there have been complaints in Cambridge.

I am simply asking, what kind of control is there and what in blazes is going on in the ministry? Where are we in terms of what we thought was going to be resolved—some kind of a panel, some kind of realism in terms of prices for arbitrators so that workers can legitimately meet the costs and can be assured that there will be no stumbling block to taking a case to arbitration.

Unfortunately, it happens; I do not always agree, but I understand the problems the unions have. If they go to arbitration they know they are going to get a bill for \$1,000 or \$2,000. They get a number of cases, so they have great hesitancy in going to arbitration because in many cases they do not have the money to do it, or they are going to be in hock for some time in trying to make their arguments. What are we doing about the costs of arbitrators?

I wanted to deal just a little bit with severance pay. You are going to have to forgive me for just a minute; I am having difficulty finding where I put some notes I had just pulled out. An update on severance pay—and it is not the severance pay itself; I think it has to be tied into a broader issue—showed that in a total of 60 cases listed from January 1 to September 30, 8,182 employees were terminated, 3,421 were eligible for severance pay, 3,196 were receiving severance pay, for a grand total of \$12.65 million. The minister made a fair bit of what had happened; he gave us a report and it sure sounded as if this is great, this thing is working. I think we want to put it into some perspective.

These are regular cases that are relatively

straightforward; they are cases where there may be entitlement under the statute because of the insolvency of the firm and no severance pay is received. These are cases where, for a variety of reasons, eligible employees do not receive any severance pay. The most common is an employee choosing to retain his recall rights. More employees receive severance pay than are entitled to it under the statute because of either collective agreements or employer benevolence.

What I really want to get into is that 3.6 per cent of laid-off employees receive severance pay pursuant to the legislation; 6.6 per cent of laid-off workers were eligible. We have a number of problems. The data source on layoffs from the Ministry of Labour shows 51,452, made up of 22,241 in the January-December 1981 period, and 29,211 in the period January-September 1982. This total is a serious underestimation of the actual number of layoffs.

Exclusions include all construction layoffs. Just as a sideline there—whether I mentioned it yesterday or not, I don't know—I had a series of meetings with the construction trades in my town. Out of 816 people in good standing on the seniority list of the carpenters' local, for example, 82 were working. That will give you some idea of what we are into in terms of layoffs. Also excluded are most layoffs of fewer than 50 and layoffs longer than 13 weeks but where the employer continues to pay a benefit on behalf of the worker.

The inadequacy of the 51,452 number is further underlined by comparison with the 217,000 that Statistics Canada says are the number of people in Ontario, in November 1982, who are not in the labour force, who have lost their jobs or have been laid off and the number in the labour force who are unemployed by reason of having lost their jobs or being laid off, which was, as of November, 355,000.

Those figures, when you take a look at the 8,000 and the 3,000 who got it—were not all from plant closures, and I understand that, but there are several. The data on severance pay that we mentioned to begin with comes from your ministry, I think. There are several important deficiencies in Ontario's severance pay legislation and it is not provided unless the following points and conditions are met:

There has to be a permanent layoff, complete or partial closure. Layoffs as a result of reduced operations do not qualify for severance pay; the permanent layoff of 500 people from a shift at

Inco, as an example, did not qualify. The layoff must be 50 or more in a period of six months or less. To receive the severance pay under these conditions, an employee must also have been an employee of the employer for five years or more.

We are dealing with 3,000 and a few people who have collected severance pay in Ontario. I don't see that as a fantastic success when we are really dealing with probably 217,000 who are out permanently, when we are dealing with 700,000 and some people who are now unemployed in Ontario. Admittedly, it was not intended to cover everything, but there is a shortfall or a shortage or an inadequacy in this legislation that cries out to be changed and redressed and it has to be much more inclusive.

I have gone a long time. There are a few other points in here I really wanted to make on that, but I am going to let them go for the moment. I do want to say there are a number of individual items. We will not be raising them in great detail in the individual votes—we will not have the time—but I was asked to raise a couple of issues.

This is a letter that was sent by one of my colleagues to a Mr. Christoff and he says: "After you spoke with my assistant, I verified with the Ministry of Labour that there are indeed people who are partly on salary and partly on sales commission who are not entitled to vacation pay, even based on just the salary portion of their income.

"I understand that many salespeople in this category do receive vacation pay, but that is because they have worked out an arrangement with their employer and not because they are entitled in law."

He also said that he is discussing this matter with our labour researchers and will also ask me either to move a private member's bill on this particular issue or at least to mention it in the labour estimates.

He says: "I should mention that private members' bills rarely, if ever, pass into law, but they may draw the attention of the government to areas where legislation should be introduced."

I would like some comments from the ministry on the question of the rights to vacation pay where one is on commission. I am not sure what the legislation says on that, but obviously some of my colleagues have run into a particular problem.

We continue to get letters concerning the medical examinations of employees that are required. I would like to have an update from

the ministry on exactly what it is doing. I think some of the cases that we raised, particularly in Essex county, spoke for themselves in the total misuse of the employees in the kinds of questions, particularly the questions asked of females.

I would like to know what the minister is doing about some of the problems that are beginning to surface in terms of surplus of funds in pension funds when a company winds up its operation.

12 noon

I will refer, if I may, to a release recently put out by Gerry Docquier, the director of the United Steelworkers of America. It says: "The steelworkers' national director for Canada, Gérard Docquier, says he is shocked that William M. Mercer Ltd. would suggest to employers that they take advantage of potential surplus cash arising from pension contributions, or in pension funds, which have come about as a result of high interest rates and wage restraints.

"Pension funds are really just large bank accounts for individual workers' deferred wages. The fact that Mercer's can legally advise employers on ways of obtaining cash from pension contributions, or even pension funds, means to me that there is something dreadfully wrong with pension management and pension legislation in this country."

I could go on as an ad lib—and I would not be too far wrong—that there is something drastically wrong with trust companies and financial management in this province generally. That is pretty obvious.

"The banks aren't allowed to unilaterally decide not to pass on earnings arising from higher interest rates. I think it's incredible that the laws in most provinces allow employers to do this with workers' pension funds. They treat the interest earned from these funds as if it's their own money," Mr. Docquier said.

"Cash surpluses should remain in pension funds and be used to provide protection against inflation for retired workers on fixed incomes and to upgrade existing benefits."

I suppose some of the free enterprisers in the Tory party—I can almost see Mr. Williams rising on that one—will say, "Why should they have the right to that kind of money?" Maybe he will surprise me.

The release goes on to say, "It's time the federal and provincial governments regarded pension funds as deferred wages for workers."

I thought we were almost unanimous in the pensions committee—with some reservations

from a couple of the Tory members—in deciding that pensions were deferred wages, yet we are running into a considerable amount of—I have four separate letters here on this particular issue. Ian Curtin, of the Steelworker's research staff, is doing a lot of work on it and he is running into problems almost daily in trying to deal with excess earnings that are in pension funds.

Is it another area where, once again, if we scream and yell loud enough, we may win a point or two, or are you going to do something? If it is not your immediate responsibility as Minister of Labour, because it is workers and their negotiated pension fund moneys that are being hurt, are you going to do something with your colleagues who have some say in this and redress this loophole, or whatever it is, in a hurry and say that those deferred wages remain that?

The release goes on to say: "It's time the federal and provincial governments regarded pension funds as deferred wages for workers. Our members are already being hit by permanent layoffs, plant shutdowns and declining purchasing power. Their present-day costs such as mortgage payments are skyrocketing. With Mercer explaining to employers how to take away money from a worker's potential retirement savings, we're getting hit from every angle," said the union leader.

"I would like to see some basic changes to pension legislation which give workers more information and control in managing the affairs of their retirement savings, especially in the case of plant closings or pension plan windup. Windfall surpluses, arising from high interest rates and wage restraints, should be distributed to workers. In addition, employers should not be allowed to use any pension funds to purchase their own stock unless express permission is given by all plan members. It's time pension legislation was brought out of the dark ages."

The specific letters I have had on this from Mr. Curtin and Mr. Docquier's press release make two points. One is the need for stricter regulations regarding the treatment of overfunding, particularly in the event of a plan termination; and, two, there is the need for more information and control in managing the affairs of workers' retirement savings.

Over the phone Mr. Curtin told me that one of the other things they are running into real problems with—I do not know the details of this—is that they never have easy access to information about whether a surplus actually

exists or not. So having information easily available on pension plans has to be looked at as well.

If the minister has not heard—I suspect he has—from Mr. Curtin and the steelworkers on this pension plan issue, I know he is going to because I now have three or four letters on this particular issue.

I would like a bit of an update on the worker's right to tips. We have been asking for some firm ruling on this issue for the past five or six years. To this day, I am not satisfied with what you have come up with on that. I guess I have raised it every year I have been on the Labour estimates.

Some waiters are a bit bitter about the crackdown. I do not have any difficulty with the right of the tax people to tax legitimate income, but I do have difficulty with the way it is assessed sometimes and the way they have been cracking down on employees' tip earnings lately. The majority who get nailed are not big income earners, although there may be a few plush joints where the tips are pretty good. As far as I am concerned, we have not yet had a satisfactory answer on this.

The Globe and Mail of November 30 has the minister saying that restraints keep the safety staff too small for the job. I do not intend to get into it in detail until we are into the vote on safety and health, but I would like to know if there is some action on that.

There are, whether you will accept them or not, some real problems in the safety and health field. If I had any doubts at all before, I did not have them after attending some of the task force sessions. I talked to some of the people on the task force who travelled around the province and they said there are some very real problems. I know there are problems in my own city and the unions are beginning to raise them there.

I also see an article here printed December 4 that says Ontario vows jobs before Christmas. "Ontario will bend the rules of its job-creation pact with Ottawa to put people in new jobs by Christmas, says Russell Ramsay, the province's Labour Minister. Certain provisions of the \$200-million federal job agreement that could stall the creation of employment projects will be waived to allow government ministries and Ontario municipalities to start hiring this year."

I would like an update on what is going on and how many actual jobs the minister was able to initiate before Christmas or even since Christmas. How many of them are short-term and how many of them have a little more substance to

them on a long-term basis? I think that is a legitimate request.

I would like a comment somewhere down the way—or maybe it is the feeling of the ministry that you cannot comment on a decision of the Ontario Labour Relations Board—on the further denial of workers' rights. The OLRB's decision denied them the right to engage, if you like, in political activity as part of their union activities within the plant. That is a legitimate question to ask the Minister of Labour because there are some serious ramifications to that.

Even if a majority of members of the other parties might be in agreement with it because they seem to have taken, in some cases, a partisan political position, it is a basic right that they were trying to organize or exercise themselves. The board has now said, "Hey, you cannot do this." Having read the judgement for the rationale of it, I am not at all satisfied.

Is the minister actively involved in the number of things I have raised in discussions on real industrial economic planning in Ontario or are we going to continue to have make-work projects? I am not knocking them, but when we have the kind of unemployment we have, they are not going to resolve the real problems. As part of that strategy, is there any real look at reducing the work week in Ontario?

Where we get inadequacies in legislation—Let me raise just one more in closing because it has just been brought to my attention and underlined with some considerable feeling. This past weekend in Hamilton I had a meeting with one of the safety and health chairman people in a big local and a couple of the coke oven workers. Actually, I went to visit him and there was a gathering at his house.

I found that with the new regulations we have in place the company is living up to the regulations. As poor as they are at Stelco Inc., they are providing the clothes, the gloves and so on for workers. But the coke oven workers and those on top side have to bring those clothes home and wash them themselves. I understand this is also the case in some lead operations, but I have not verified that yet.

My golly, if ever there is a deficiency in the operation, that is it. The company recognizes the need to provide protective clothing and gloves and that is now being done, but the workers have to bring the stuff home. If there are hazards or dangers, we are just spreading it round. Why in blazes? You usually have to do in lead operations.

Was it not one of the requirements under the

coke oven emission standards that they had to provide the equipment and also clean and launder it at the work place? To me that's obvious. Now, am I that out of line? There's not a worker in there who thinks that's not common sense and should have been part of the regulations in the first place.

How fast can we have a serious look taken at something like that? If the company says it doesn't want to set up the facilities and do it, will the answer be that because of costs we then have to consider the company's position?

If you detect a note of concerned cynicism and whatnot, Mr. Minister, it's because it took us so damned long to get what we've got. There are a number of things wrong with it as it stands at present—the 40 hours averaging, the dog-gone requirements—but at least we finally got something out of the province of Ontario, a total now of five items relating to standards.

However, there are some obvious loopholes in all this. How fast can we move to clear up some of these? I do not know whether that is an issue that will be raised any further or not. I do know it is an issue that the company refused to act on in one of the sessions they just had with the union. I think that is what is beginning to get the pot boiling on this particular issue. They are extremely concerned. Probably the timing has something to do with all this.

In this respect, John was telling me that, unfortunately, they appear to have just established another cancer case and, to make things worse, the chap has been given a very few months to live. Furthermore, he is an employee with about 38 years in that plant, but 10 years topside in the coke ovens. As you can see, it looks as if they are going to be able to establish a case once again.

Giving full credit to work that has already been done to try to clean up operations like this is of no redress to this particular employee nor to his family. From what John tells me, the man will probably be dead within three to six months. Families such as this must be able to see that when we do get regulations, loopholes as obvious as this one must be seen to be firmly closed.

When are we going to answer some of these problems? When is the approach of the ministry going to change so that you are not strictly a neutral? I do not think that is good enough, Mr. Minister. However, I would like to thank you for your attention to this matter. I hope I have not used as many damns and hells today as I did last night, but I want you to understand that I am not kidding about these things. There are all kinds

of cases here, and there are more coming up all the time.

My concern is that this seems to be a growing pattern. As things get tough, the first people whom we kick in the teeth are the workers, and I want to see some protection. I want to see some response to specific areas that protect workers. I do not want to see a further reduction of their rights.

Very frankly, Mr. Minister, what we are seeing in Ontario is not an improvement of

conditions. We are seeing a further reduction in the rights of workers and we are using the fear that's out there in the work place, emphasized by the threat of unemployment, to simply make that kind of an attack on workers' rights more acceptable. Thank you.

Mr. Chairman: Mr. Mackenzie, we will agree to adjourn until tomorrow night at eight o'clock in the same place.

The committee adjourned at 10:13 p.m.

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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Thursday, January 20, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, January 20, 1983

The committee met at 8:14 p.m. in room 151.

ESTIMATES, MINISTRY OF LABOUR (continued)

The Vice-Chairman: We will call the meeting to order.

Mr. Mackenzie: Mr. Chairman, just before we proceed—I am glad Mr. Pathe is back in the room—I want to make a half apology and half clarification. I may have left some of the wrong impressions by a few remarks I made right at the very beginning of the sessions. Mr. Pathe took me to task before we started the last session over the hospital workers' dispute and the ministry's lack of action on it.

That is incorrect and not really the point I was trying to make. I want to make it clear that is incorrect. I realize that, in terms of the hospital strike and dispute, the ministry was making a lot of effort. A lot of people were involved in that. I spent two or three days with Ian Deans, calling about everybody under the sun in the Hamilton area at the time. I know they were involved here and had been involved prior.

If I left the impression that nothing was done on that issue, I apologize. The clarification I want to make, and it stands in my remarks, is simply that I was talking at the time about double standards. What bothered me was then when the dispute finally did erupt and the workers were out, the weight that was used to stop them and to crush them, if you like, and to put some of them in jail and some of their leaders in jail was pretty devastating. We had a difficult time dealing with that.

My comments are that we do not seem to see the same action when doctors withdraw their services. It is my opinion still, and I am every bit as strong on it, that we saw the use of the authority of the state in terms of Bill 179 to make damned sure that people's contracts were abridged. That is exactly the point I was trying to make, but I did leave the impression in the beginning that the ministry was not involved in the dispute. That part of it was incorrect and I do want to put that on the record as a result of my conversations with Mr. Pathe prior to the last session.

Mr. Wrye: Mr. Chairman, I do not know whether I can get agreement to do this, but a number of people have been sitting here for a couple of days who have a very particular interest in a certain area of these estimates. My friend the member for Hamilton East (Mr. Mackenzie) is well aware of this; he raised the matter in his opening statement. I know the minister's intention is to give some responses tonight and to enter into a dialogue on the various issues that the member for Hamilton East and I have raised.

I am certain the minister has also done some checking into the Dylex Ltd. situation. I am just wondering if we could, at the outset, get the minister's response on that one specific issue and have a bit of a dialogue between the minister and the members of the committee. It is very important to a certain group here and it does raise important—I am sure the minister would agree—general implications in terms of employment standards. Perhaps we could talk about that a little bit.

Hon. Mr. Ramsay: Mr. Chairman, I have no quarrel with that at all. I have been impressed with the quiet and studious approach of those people from Dylex to these hearings. They have been extremely patient and I would not want to hold them up any longer. If I may call Mr. John Scott from the employment standards branch to come forward, he could bring everybody up to date and could answer any questions any government members might have.

Mr. Scott: Thank you, Mr. Minister and Mr. Chairman.

Hon. Mr. Ramsay: Excuse me. Mr. Scott, for the record, is the director of the employment standards branch.

Mr. Scott: We are currently involved in an investigation on behalf of the employees. We are about 10 days to two weeks away from the finish of that investigation and the audit. It is a matter of determining whether they are entitled to severance pay, termination pay and any other benefits under the legislation. Whether that is owing to the employees or not will remain to be determined when we gather all of the facts. We are not finished yet. Investigations do take time.

Mr. Wrye: As I understand it, we now have severance pay legislation which pays for a minimum of 50 employees. In this case, 42 were terminated. If I can just clarify in my own mind, there are two issues here. There are a number of workers who refused the transfer to the Weston Road plant and there are also a number of workers who, once they got to the Weston Road plant, almost immediately—and I am trying to remember from my conversations with the group—literally signed in and were laid off.

I know you are in the middle of an investigation, but are you looking at both issues?

Mr. Scott: Yes, we are. We are looking at that. A great deal will bear on whether there has been a genuine offer of alternative employment. We are looking at that and we are aware of it.

Mr. Wrye: Correct me if I am wrong, and perhaps this should go to the minister, but under the severance pay legislation—I am trying to remember back to June 1981—there was to be a section in the regulations which gave some discretion where the layoff was deliberately held under 50. Is that correct?

8:20 p.m.

Hon. Mr. Ramsay: That is subsection 40a(1), which refers to 50 or more employees who have their employment terminated by an employer in a period of six months or less. There has been some doubt in the past about the duration of that six-month period. I do not think that is an issue in this case. The issue here, as I understand from Mr. Scott's account of what is happening, is whether or not a number of the employees did, in fact, refuse offers of reasonable alternative employment under clause 40(3)(a). That is the principal issue involved in the investigation.

I am not aware that there is any issue about any artificial limitation of the number of employees actually terminated, except in so far as whether the others, as a result of the termination, received offers of alternative employment.

Mr. Wrye: So the issue becomes what is reasonable. In this case, I suppose one has to look at—and I leave it wide open for response—those who turned the alternative employment down and those who accepted the employment and, upon arrival at the new plant, found their layoff notices already typed.

This particular incident, like so many of the other issues involved in the ongoing Dylex saga, is one that bothers me greatly, having heard from the good people who work there. It is nothing short of incredible. I hope, Mr. Minister, that you will take a look at this single

incident as pointing out what is perhaps a gaping hole.

It is fine to fix the issues, to have employment standards go in and take a look at it. I congratulate them on the good investigation they are doing because we have talked with the people in the branch, but if a working group was not as strong as this one has been, it might never come to your attention. I think that should be very bothersome to you. In essence, here is a situation of an employer who seems to be attempting—I do not want to conclude your investigation for you—to subvert the law, to run around the edges of the act.

Hon. Mr. Ramsay: I understand what you are saying, Mr. Wrye. I would point out, though, that there are very few cases that fail to come to the attention of the employment standards branch. If they are not brought forward by the individuals or groups themselves, they are brought forward by members of your party, members of the third party, and by members of the government party. We try to be completely diligent in following up and responding to all of these concerns.

Mr. Wrye: Mr. Chairman, I hope you will bear with me. We have a number of votes on this and the number of issues on every vote is fairly large, but I do not want to leave this. It pertains to the Dylex issue.

Mr. Minister, I do not know how aware you and the deputy are of the long and tortuous history of the background of this issue. It has been brought to my attention that some time previous to this latest round, which resulted in the closing of the Lake Shore plant, the old Tip Top Tailors' plant, and the movement of the workers to Weston Road, there was a vote by the workers to drop a grievance that had already been won through arbitration. The chairman of the arbitration board was Harry Arthurs. I had not expected these people to be here and I do not have all the details with me, but that vote—I have seen the document—voted to drop that grievance and to take a cut in pay. There were monetary concessions.

A number of other things have happened. A group that came to me indicated that when they voted on this issue, which was apparently worked out between the union and management before they voted, they were never given a document which outlined all of the issues so they could study the ramifications thereof. As well, the vote was not conducted in secret. I would hasten to add that the unions in my area, the

Windsor area, invariably have secret ballots on issues of this kind of import.

I just wonder if you would have any comments on the lack of rules to provide workers with documentation on what they were voting on and to allow them a secret ballot. It is rather bothersome. I do not want to sound anti-union because I am not. They are so good in my area. The United Auto Workers is always excellent in this area. But in this one case it would appear—I am sure there are others on occasion—that workers are being taken advantage of by the company in both ways. It was the company's offer. The union is perhaps in this case not being as vigilant as it might be.

Hon. Mr. Ramsay: You raised a point that I was not aware of. I was not aware of the vote that you are talking about here now, but I will be happy to look into it. I will get back to you with further information and a comment or two some time next week. I understand we are meeting on Monday evening as well as Tuesday, Wednesday and Thursday. I should be able to get back to you no later than Tuesday.

Mr. Wrye: What would be your views on the principle, Mr. Minister, of trying to set up some kind of guidelines for a secret ballot system?

Hon. Mr. Ramsay: I do not want to make a commitment here this evening. It sounds reasonable, the way you have put it, but I would like to look into it and give it some thought and get back to you.

Mr. Mackenzie: I want to know whether or not the question of alternative employment is a consideration. There are problems with the way the act is worded. I am not sure from your answer on that whether the alternative employment was valid. In most cases it lasted only a matter of days because there was already a surplus of workers at the other plant and they were operating under two separate agreements. Is the question a legitimate offer of alternative employment one of those that will be part of the parameters?

Hon. Mr. Ramsay: Yes, I am sorry. I thought I had made that point clear when I responded before.

Mr. Mackenzie: There are two other things I want to raise just briefly. Will the investigation also take a look at whether those who were not offered the alternative employment were selected, whether there was any basis? Is that part of the parameters of what you are looking at?

Mr. Scott: No. I do not think that would fall within our purview.

Mr. Mackenzie: It seems to me that also enters into the actual numbers that are involved. That seems to be a valid argument as well.

Mr. Armstrong: I am sorry, I was looking at the section you referred to previously about the alternative employment and another section. Do you mind putting that again?

Mr. Mackenzie: Some workers were offered alternative employment. My contention and their contention—and I think there is some validity to it—is that it was really not a legitimate offer. Others were not offered alternative employment. I do not have the seniority base or the list of all of the people who got these notices, but as near as I can tell—and I know it is the contention of the Dylex employees and of their union—there was selective picking and choosing of who was going to go and who was not by the company. I am wondering if that is part of the parameters of the investigation.

Mr. Armstrong: Mr. Scott said it would not fall within his purview, but if there is some allegation—I do not know the facts—that employees have been discriminated against because of their membership in a trade union—

Mr. Mackenzie: I do not think it necessarily had to do with the trade union.

Mr. Armstrong: Hypothetically, if that is a consideration, that would be covered by the Labour Relations Act and a complaint could be laid before the Ontario Labour Relations Board. If it had to do only with their relative seniority, I do not think that would give rise to—

8:30 p.m.

Mr. Mackenzie: I do not like it. I suspect there is nothing that covers it from my understanding of the act, but it seems to me that it also could have an influence on whether or not the numbers that were involved reached certain figures.

Mr. Armstrong: It is difficult because one can hypothesize about things. There are anti-discrimination provisions, as you know, in a number of other statutes in the Human Rights Code in terms of physical handicap. That has not been totally construed yet, but that might include the ageing process and the inability to do certain work.

There are other grounds of discrimination under the Human Rights Code. Without knowing a lot more about the facts, one could not offer any definitive judgement about whether there is or is not a basis for complaint on behalf of those people who did not receive offers.

Mr. Mackenzie: The third point I wanted to raise to either Mr. Scott or the minister is whether there is any checking into the allegations that some employees did not work the full 40 hours after the required period of notice was given.

Mr. Scott: We are aware of that, yes. It is required that wages be paid for a normal amount of overtime with the regular work week. We are aware that was not the case for some employees. That is part of our investigation.

Mr. Mackenzie: That is part of the ongoing investigation?

Mr. Scott: Yes, it is.

Mr. Mackenzie: I would suggest to both the minister and my friend, the Liberal critic, that a lot of this would have been resolved had they been willing to go along with the amendment. We moved in committee stage when this bill first came in on the severance deal, that the numbers of fewer than 50 also be covered for severance pay. That would have resolved a lot of problems for a lot of people who are just as much entitled, but because there are fewer than 50, they do not get it.

Mr. Wrye: On a point of order, Mr. Chairman: I may be misconstruing what my friend says, but I would point out to him—and I am sure he will want to check the records—that we supported amendments for fewer than 50. Among other amendments we supported—

Mr. Kolyn: I am sorry I was not here on Wednesday morning when this Dylex situation came up because one of my constituents was one of the persons involved. I would just like to ask you, Mr. Scott, have you been in touch with the textile workers? What is their union's position in all of this?

Mr. Scott: I have met with a delegation of the workers on two occasions; I believe there were eight or nine at each meeting. I have been in touch with the officials of the union. I am not prepared to comment on their position at present.

Mr. Sweeney: I would like to come back to the issue of the numbers. The minister may or may not be aware—I do not believe this minister was the Minister of Labour at that time—that there was a considerable amount of discussion as to what a cutoff number should be, if there should be any. A strong argument was made to take it down to at least 20. Nevertheless, the legislation is in place. I also recall the then Minister of Labour said something to the effect that if there was evidence at a future date that

these numbers were being manipulated, then the legislation would be reviewed.

The minister will recall there was a situation about a year ago, maybe less, where an owner of a textile manufacturing plant on Spadina Avenue was going out of business. He deliberately laid off his employees in groups of fewer than 50. He made no bones about it; he was doing it so he would not have to pay severance pay. He said, "I've worked for 20 years"—or whatever the case may be—"and I have a right to take my money with me and not pay it out."

There may or may not be other situations. The minister and his staff would have more access to that than I would. Here is another situation we were discussing here tonight, in which again it would seem—and I use that word advisedly—as if the numbers had been deliberately manipulated.

Given those two cases, and whatever other ones the minister may have access to, is there any consideration at this time being given to reviewing that aspect of the legislation? I recall that the then Minister of Labour recognized that something like this could happen but thought we should give it a chance.

Hon. Mr. Ramsay: Mr. Sweeney, I am sure the deputy wants to have a word, but before he does, I would indicate to you that a number of months ago we looked at what we thought were abuses of the legislation. We studied them very carefully with the idea that we might have to look at amendments. At that particular time—I believe it was about six months ago—we came to the conclusion that, while there were some cases about which we had serious reservations, it was not a widespread problem. Is there anything you would like to add to that?

Mr. Armstrong: I think I just want to add this, which I think was probably what Mr. Wrye had in his mind when he asked the question originally, that the issue of whether or not an employer is manipulating the numbers to defeat the obligation to pay is something that may have to be adjudicated at some time. I am not saying this is the case because I do not know enough about the facts of this case.

I think, however, that Mr. Wrye and Mr. Sweeney referred to section 51. There is a reference—and I am paraphrasing—that where the standards officer is of the view that there may be an agreement, an arrangement or a scheme that is intended to or has the effect, directly or indirectly, of defeating the true intent and purposes of the act, then the director may appoint a referee, who then conducts a

hearing and calls evidence and makes a binding determination.

I think Dr. Elgie and others were of the view that in the appropriate case it might be necessary to contest the bona fides of a company under the provisions of that section. To my knowledge, Mr. Scott, there has not been a test of that sort under the severance pay provisions of the act since section 40a went into effect.

Mr. Sweeney: Was that because of the investigation, or was there not enough evidence that was taking place?

Mr. Armstrong: I think perhaps the latter, although Mr. Scott is available and can answer that question better than I.

Mr. Scott: I think your statement is correct and also the deputy minister's, that there wasn't the evidence that type of action was taking place.

Mr. Wrye: Can I ask a question on that? Mr. Scott may well be aware of a number of instances in a general way or even a specific number. Have there been a number of allegations which show how large that has been?

Mr. Scott: There has been a small number of allegations. I am aware of two or three cases that I can think of and we certainly conducted investigations into them, but we did not have a strong enough case to go forward under the act.

The Vice-Chairman: Mr. Sweeney, did you have a comment?

Mr. Sweeney: That is my only question, Mr. Chairman.

The Vice-Chairman: Any other members?

Mr. Wrye: I should like to go back, if I could. Leading out of Mr. Mackenzie's remarks, I have no more, Mr. Chairman.

Mr. Minister, I am not speaking necessarily to this specific instance which Mr. Scott and his branch are still investigating. In terms of the issue of alternate employment, however, have you given any thought to whether we need to write into the act, in terms of amendments or regulations, any kind of a time limitation which proves the offer of alternative employment is a bona fide offer?

If I may use this instance as an analogy—that is, the example I gave of people who literally walked into the Weston Road plant on December 1, clocked in and within 24 hours were laid off—is that a bona fide offer of alternative employment or should it last three months?

Are you looking at developing any kind of standards along those lines?

8:40 p.m.

Hon. Mr. Ramsay: To be absolutely frank with you, no, I wasn't thinking of that, not until this particular circumstance came along. However, there is a ministerial committee that reviews the Employment Standards Act, and I would not be a bit surprised if it has already looked at this particular point.

Mr. Wrye: I have one other question relating to this case. Keeping in mind that the minister is well aware of the award just given in the Windsor Bumper situation, I am rather bothered about the group of workers at Canadian Clothiers who moved to the Weston Road plant—I'm trying to remember the name; Western something, I think.

Mr. Kolyn : Western Apparel.

Mr. Wrye: Western Apparel. Both were divisions of Dylex, in effect moving from one plant to another, and both seemed to be doing the same work. It seemed to me the work actually preceded them to the plant. I am kind of bothered, in relation to the whole issue, as to whether there is, in effect, really a new employer. I say that because, if there is no new employer, there is a question as to whether the issue of seniority ought to continue.

As my friend the member for Hamilton East (Mr. Mackenzie) has pointed out, all the evidence that I have heard is that a number of workers with great seniority were not offered work. They were terminated, and there really was a picking and choosing process, which bothers me greatly. Even those who were offered new employment were offered it on the bottom rung of the seniority ladder. In these tough economic times, I think all of us know the tremendous impact that has.

I wonder if Mr. Scott may wish to comment perhaps on whether he, or the minister, is looking at this problem. Should it not be a consideration that they be able to take their seniority with them? It is a terrible tragedy for someone with 30 years' service to be terminated when someone with one year gets moved over; it's almost as bad, I suppose, for someone with 30 years to be sent to a new plant and told, "Well, you're starting over."

Mr. Scott: Mr. Wrye, that is part of the criteria that we look at in trying to come to grips with the problem of whether a reasonable offer of alternative employment has been made. As to whether it is the same employer or a different

employer, we gather the facts and lay them before our legal people for their opinion.

Mr. Armstrong: I think perhaps one ought to add—and I do not know whether this is the case in this particular situation—that if the Lake Shore Boulevard plant and the other plant in Weston Road are covered by different collective agreements, and if there are separate seniority provisions in those two collective agreements, if the local in Weston, for whatever reason, will not agree to merge seniority, then really that is a question of collective bargaining rights rather than something connected with the statute itself.

My experience has been that in a good number of situations where there has been a consolidation by a company in a single location involving two locals of the same union, the locals quite often agree to merge the seniority lists. Apparently that didn't happen in this case.

Mr. Wrye: I would only say, just as a concluding remark, that in this situation I am very pleased that Mr. Scott is well aware of what is going on, and I do know that careful attention is being given to it. I would hope that the particulars of this instance will be looked at in terms of any weaknesses that may occur. Thank you.

Hon. Mr. Ramsay: Thank you, too, Mr. Wrye. I assure you that it is being looked at in that context. I also want to thank the various workers who have come out now, faithfully, for the third night in a row in order to have this addressed.

The Vice-Chairman: At this point, Mr. Minister, would you like to begin your response to Mr. Wrye's opening statement?

Hon. Mr. Ramsay: Yes, I would. In the first question Mr. Wrye asked, he sought my views on the limitation of free collective bargaining on noncompensation issues under Bill 179. The Inflation Restraint Act permits the amendment of noncompensation provisions in a collective agreement by mutual consent of the parties. However, since the legislation operates by extending contracts beyond their originally negotiated expiry dates, Bill 179 precludes resort to a work stoppage or to arbitration as a means of resolving outstanding bargaining disputes between the parties on these issues.

As I stated in my opening remarks to this committee, neither I nor the government of which I am a member takes any comfort in the imposition of controls and in the accompanying restrictions placed on the free collective bargaining process. I would certainly prefer that

economic circumstances were such as to render these measures unnecessary. However, I do not believe that this is the case at present.

In its long deliberations over the decision to implement a restraint program, the government spent a considerable amount of time in examining various enforcement mechanisms. As Minister of Labour, I played a full role in those discussions. I am satisfied that the method chosen, the extension of collective bargaining agreements for a specified duration with a predetermined rate of increase in compensation, in the circumstances was the fairest, most effective and administratively the least costly of the various alternatives.

Under this method, enforcement does not require the creation of a vast new bureaucratic apparatus of the kind which would be necessary if collective bargaining were allowed to proceed as usual but within the constraints of a maximum wage increase guideline, for example. In addition, the program is designed to achieve the desired effect in the shortest period of time consistent with avoidance of undue hardship in the process.

The opposition has suggested that the government's chosen method of implementation of wage restraints could have allowed for free collective bargaining on noncompensation issues. However, given the perceived need for restrictions covering a wide range of compensation items and the difficulties involved in some cases in determining a clear distinction between the two, I believe that, on balance, the government made the most sensible choice.

I admit that in saying this I am influenced by the fact that the restraint program is operative for only a relatively short period of time. The government is understandably reluctant to seek to maintain a control program for any prolonged time period. As Minister of Labour, I would personally be very concerned about the implications for collective bargaining were this not the case. I believe that any attempt to maintain rigid controls for a lengthy time would inevitably create increasing strains within the bargaining system and could in the long run prove counterproductive.

Mr. Wrye also asked why I did not attend—

Mr. Wrye: Excuse me, if I might. I was kind of waiting for you to get to a break.

Mr. Chairman, I am quite agreeable to anything the committee as a group may decide or to the minister's preference, but I view the estimates as a bit of a dialogue. If the minister is agreeable, at the stopping point of a grouping of

issues or a single issue could we have some kind of a discussion? I certainly think I would like to have a dialogue on your perceptions and views on Bill 179. I'm sure my friend the member for Hamilton East (Mr. Mackenzie), who may come at it from a little different perspective, would also like to have a dialogue.

We can do that on the individual votes, but perhaps on some of these issues we should have that opportunity. I am really in your hands. I am prepared to be agreeable.

The Vice-Chairman: Mr. Wrye, I am guided by the opinion of the committee, but my own preference would be otherwise. If I could put that preference forward, we have the votes set out in such a way that it does lead to sort of an orderly timetable. If you wish, at some point, to sit down and relegate certain times to those votes to make sure that the points that you wish to be covered are covered, the chair would have no objection to that. My preference would be to follow the order of the votes so that we get a fair allocation.

8:50 p.m.

Mr. Mackenzie: I have just two comments on this, if I may. First, I'm not just sure where and how you would class the minister's clarifying statements on Bill 179. I am not looking for a rehash of that debate, but there are one or two specific questions the minister should be asked about. At least from my own perception, I do not think it's more than a matter of a very few minutes.

I want to make it clear to the chairman and to the minister that from our perspective, although there are any number of items we would like to deal with in specific areas, we have pretty well decided that in the interests of time we will largely defer them, whether the Liberals have questions on it or what not, this time around to concentrate on two areas. Because of the time that has been taken on the opening statements, we want to concentrate most of our time, and I meant that literally, on women's issues or safety and health. As for the rest of it, while not ignoring it and not wanting to pass it quickly, we certainly do not intend to spend much time on it. That may help some in the planning of the last four days.

The Vice-Chairman: Are there any other comments from members of the committee?

Mr. Wrye: If I could help, I would be agreeable. I sensed this as soon as the minister got into Bill 179. I am, in a sense, like my friend from Hamilton East on this issue. I don't really

know what vote it falls under, but I think we should have a brief discussion on it. There is something in just the statement you have made thus far, and not even the issue of not coming before the committee in terms of the noncompensation issue, I would like to ask two or three questions about. Perhaps then, if I can kind of get a middle ground on this, we could let the minister complete his statement. I do really have a problem trying to find out where Bill 179 falls in terms of the votes. Perhaps on vote 2301, it may well fall there. Maybe we could deal with it as a little separate issue.

The minister, myself and the critic for the New Democratic Party all spent some time on this issue, and it is really a separate and apart labour issue.

The Vice-Chairman: Okay. Might I suggest then that we take 10 or 15 minutes and delegate them to this particular subject? Would that be sufficient? Would you agree to that? Then let's deal with that response.

Hon. Mr. Ramsay: I don't want to be difficult at all, but Mr. Mackenzie also raised some questions in his opening remarks about Bill 179. I feel that if I could conclude my response to Mr. Wrye and then my response to Mr. Mackenzie, maybe that could be the first item after we finish the responses.

Mr. Wrye: That's just fine with me. We'll call it under vote 2301.

Hon. Mr. Ramsay: Yes. We would talk about it now and then when we got to Mr. Mackenzie we would have to talk about it again.

Mr. Wrye also asked why I did not attend the Bill 179 hearings. As I mentioned in my opening remarks, Bill 179 represents a collective decision of cabinet that was sponsored and carried by my colleague the Treasurer (Mr. F. S. Miller). While the bill's provisions naturally have implications for collective bargaining within the jurisdiction of the Ministry of Labour, the same is true of a number of other ministries which administer collective bargaining legislation for various groups within the public sector such as police, firefighters, provincial civil servants, teachers, etc.

In the circumstances, given the diffused impact of Bill 179, I do not find it inappropriate for the collective view of the government to be expressed through one minister, in this case the Treasurer. However, since the bill will obviously impact upon the activities of the Ministry of Labour, I am naturally willing to discuss these implications at the appropriate time. I trust I have

already made my general position clear in my opening statement. I or my ministry colleagues will be happy to attempt to answer before this committee any particular questions you may have regarding the potential effects of the Inflation Restraint Act on the ministry's operations.

Mr. Wrye asked why the Ministry of Labour was not taking a lead role in co-ordinating the activities of the ministries of Treasury, Industry and Trade, Community and Social Services and others. The Ministry of Labour, through the Ontario Manpower Commission, has continued to play a strong leadership role in co-ordinating the employment development initiatives of the provincial ministries. As I noted in my opening remarks, the commission has been responsible for developing Ontario's job-creation strategy.

Prior to the implementation of the Canada community development program, the commission convened meetings and held consultations with officials from the ministries of Treasury and Economics, Industry and Trade, and Community and Social Services, the Board of Industrial Leadership and Development and others. These resulted in the province's being able to respond rapidly and effectively to ensure federal programs were planned in concert with provincial initiatives already in place and other initiatives to be developed. The province had already assigned about \$250 million to job-creation activities for the fiscal year 1982-83.

Our deliberations with the federal government resulted in the establishment of a joint committee to provide overall direction for the Canada-Ontario employment development program, known as COED. This joint committee will make recommendations to me and to the federal Minister of Employment and Immigration for final approval of programs. It will be co-chaired by the chairman of the Ontario Manpower Commission, the secretary to BILD and two federal officials from the Canada Employment and Immigration Commission. I might add that the secretariat assisting the joint committee will likewise be co-chaired by the Ontario Manpower Commission and by CEIC and will have membership from the ministries of Natural Resources, Industry and Trade, Northern Affairs, and Community and Social Services.

Additionally, we have established a joint consultative mechanism under the National Training Act. Here again, as in the job-creation area, the provincial co-chairman is the chairman of the Ontario Manpower Commission. The commission and federal officials, along

with representatives from the Ministry of Colleges and Universities, are seated on all committees and subcommittees attached to the mechanism. Among other things, the joint consultation will result in a comprehensive annual training plan focusing on the development of essential skills in Ontario. This plan will incorporate the full range of provincial and federal programs and will enable the province to estimate its requirements for future years with greater effect.

The Ontario Manpower Commission also continues to play a co-ordinative role with regard to programs for youth and natives in the north and will assist in ensuring that federal programs are co-ordinated with provincial efforts.

We have also helped a number of other ministries in the development of job-creation activities under section 38 of the Unemployment Insurance Act. These include such areas as agricultural resource inventories, energy conservation, economic infrastructure development and mining. The latter, for example, in the case of Pamour Porcupine Mines involves a program requiring the co-operation of the Ministry of Natural Resources, the Ministry of Colleges and Universities and CEIC in giving training opportunities for miners at the mine site itself during a period of plant closure.

Three of the commissioners on the commission have been established as a tripartite subcommittee representing education, labour and business to encourage the development of projects to be funded under section 39 of the Unemployment Insurance Act. With their collective experience they will assist the province in creating opportunities for potential unemployment insurance exhaustees to continue to receive benefits while undergoing training. Thus, the \$5 million which the province has marked for section 39 projects under its new job-creation initiatives will be allocated in a way which is most sensitive to the immediate and long-term needs of both employers and employees.

I think that these activities are sufficient evidence of the strong and active leadership which has been exerted within my ministry and of the overall import we attach to the need for moving forward effectively in our employment development efforts.

The next question was since unemployment and layoffs are a major issue, Mr. Wrye asked what the ministry was doing to manage adjustment by retraining and relocation. As noted by Mr. Wrye, today's economic recession has resulted in the emergence of extensive unemployment

and the layoff of workers. This, of course, is of major concern to this government and my ministry.

Let me note, first of all, that long-term economic stabilization is a federal responsibility. The province, none the less, has responded to the need for short-term job creation. As mentioned in my opening remarks, \$300 million will be applied to this purpose and for the provision of training in Ontario. It is clear that the federal and provincial governments must address these problems jointly.

Incidentally, if I may just pause there for a moment and add some remarks. I was in Edmonton last week at a federal-provincial manpower conference and I was pleased to learn—I should not say pleased because I was disappointed that other provinces had not responded as quickly as there were several provinces that had still not signed a federal-provincial agreement; they were still negotiating with the federal government—that Ontario was way out in front in this respect and had the program under way whereas other provinces were still talking about it.

9 p.m.

Also, I was surprised at the magnitude of the amounts of money. Ontario has put much more money into the job-creation program on a comparative basis with the federal government than any other province. In fact, some of the provinces, and this was the reason for the delay in the bargaining, feel that they should not be putting any money into it, or if they do, it is on a one-to-10-basis or whatever the case may be. Ontario has put almost \$500 million into job creation in this past few months and the federal government has provided a total of \$250 million.

Mr. Mackenzie: How much money did you say Ontario put into it?

Hon. Mr. Ramsay: About \$500 million.

Mr. Mackenzie: In the last two months?

Hon. Mr. Ramsay: No. This would be from the time of the last budget. This included the money that was in the budget. It includes the youth employment envelope, BILD initiatives and section 38 projects.

Mr. Wrye: I am sorry, Mr. Minister, just to clarify, where is the monetary breakdown from the budget in terms of job creation?

Hon. Mr. Ramsay: If I recall the figures correctly, there was \$270 million in the budget in the spring. We will check that out and get you the exact figure.

With respect to unemployment and layoffs, my ministry has adopted a multifaceted approach. This includes such things as expanded use of the Unemployment Insurance Act under sections 38 and 39, extension of program funding under the National Training Act with emphasis on essential skills and, finally, the retention and upgrading of skills within the community through training and retraining and, where necessary, assistance in redirection of persons to jobs located elsewhere.

As stated previously, sections 38 and 39 of the Unemployment Insurance Act now possess the potential to facilitate innovative responses to the plight of Ontario's unemployed. Section 38 provides additional income to workers drawing UIC benefits. Workers are employed on projects, either short or long term, that result in a product of benefit to the community. Projects developed are generally tripartite in nature in that they involve the federal and provincial governments and a third-party sponsor, which may be a municipality or a private company.

The Ontario Manpower Commission works with BILD to develop these co-operative projects with the federal government. The OMC maintains an ongoing liaison with federal officials, distributes information to provincial agencies and assists them with their applications to BILD. This is most essential to ensure effective and creative use of the program.

Additionally, the province has been encouraging the use of section 39 of the act, which enables unemployment insurance recipients to undertake training in approved courses. Because of the extension of the funding under the National Training Act from 52 to 104 weeks, it is now possible for an unemployed worker drawing unemployment benefits to go into an upgrading, training or retraining course for a period of up to 104 weeks and still draw UIC benefits which, as you know, normally end after a maximum of 52 weeks of payment. This provides an important opportunity for the retraining of unemployed workers who, because of skills obsolescence, are unlikely to be rehired in their old job even when the economy recovers.

Also, as I stated earlier, the Ontario Manpower Commission was instrumental in negotiating amendments to the National Training Act and the subsequent three-year federal-provincial training agreement, which is designed to enhance the responsiveness of our training system to current and projected labour market needs. This is being accomplished in part through the committee structure instituted in tandem with

the new act. A number of standing subcommittees dealing with institutional training, industrial training and labour market information support the work of the federal-provincial joint consultative committee.

The chairman of the Ontario Manpower Commission represents the province as the provincial co-chairman of the senior committee. Other members of the Ontario Manpower Commission—bear in mind this is tripartite with labour, business and education—participate in all subcommittees in the new consultative structure and are instrumental in formulating and effecting training policy.

The National Training Act enables us to make full use of a variety of training initiatives accommodated to the special needs of our time and suitable to the long-range requirements and expectations of industrial growth in Ontario. We very much intend to maintain the skills of our present work force at a level that will allow for those now unemployed to re-enter the work force as the economy turns upwards. In some circumstances, retraining of workers whose skills were made obsolescent by technological developments is necessary. Where relocation of workers is indicated by labour market trends and our individual counselling programs, we seek to assist.

For example, the plant closure and employment adjustment branch monitors permanent and indefinite layoffs resulting from plant closures. This branch assists laid-off employees to find alternative jobs, either within the same community or elsewhere. For those who are successful in locating employment in a new community, the employment adjustment service facilitates use of the Canada Manpower mobility program.

Next Mr. Wrye suggested a provincial initiative on the Landry wage insurance model. I can once again assure the honourable member that this option is being considered if federal action is not forthcoming. I would point out, however, that the possibility of federal action is key to the solution of the wage protection problem. Indeed, one of the fundamental problems which the Landry committee addressed was the existing fragmentation of responsibilities for wage protection in cases of bankruptcy, receivership and other insolvencies.

As you may recall, the Landry committee on wage protection in matters of bankruptcy and insolvency recommended both interim and long-term solutions to the wage protection problem. The interim solution was to be in effect for a

three-year period, during which the design of a long-term solution could be undertaken through the co-operative efforts of the federal and provincial governments.

The interim solution recommended was that unpaid wages, broadly defined, should be insured to a maximum of \$1,000 per employee. These payments would be financed by the federal consolidated revenue fund. Coverage, moreover, would be extended not only to cases of bankruptcy but also to receiverships and other insolvencies where there is a court-appointed official with responsibilities for the winding up of a business. This movement of the federal jurisdiction into the heretofore provincially assumed responsibility in insolvencies other than bankruptcies calls into question both the need for and the scope of any parallel provincial initiative.

The longer-term solution, the details of which would be negotiated, was described as covering all employees in insolvencies of all types, covering the total wage package, and financed out of a separate pool of assets which could be created through assessments on employers. This longer-term solution, it should be noted, could—and I expect will—be negotiated regardless of whether Landry's interim solution is implemented or if some other means of wage protection is introduced.

As I said in my opening statement, Mr. Ouellet has informed me that there is a good possibility of amending the bankruptcy bill now before the federal House. I would now like to add to that statement the information that the means under consideration are a substantially increased priority for wages, a first secured status, sometimes called a super priority.

While I have personally written to Mr. Ouellet to express my support for implementation of the Landry proposals, I also find the concept of a super priority to be an interesting one. It remains to be seen whether this concept will become law and, if so, what will be the extent of the wages it protects. When this is clear, then the possibilities and need for provincial action will be defined.

Mr. Wrye made reference to a resolution put forward by the member for Kitchener-Wilmot (Mr. Sweeney) earlier this year with a view to preventing plant closures. As I recall the contents of that resolution, it proposed the introduction of a legislative provision so that employers could be made to consult with employees before deciding to lay off workers or shut down a plant.

Such a requirement would be considered by the business community as unwarranted interference with its decision-making process. As a result, it could place Ontario at a competitive disadvantage in terms of business investment, and therefore jobs, since other North American jurisdictions do not have such a requirement. The federal government, in revising the Canada Labour Code this year, established mandatory labour-management planning committees for layoffs of 50 or more workers, but the committees are not given the authority to review or delay the employer's decision to lay off workers.

I am also not certain how prior consultation with employees is likely to persuade companies to change their minds about a closure. One must remember that there are generally economic reasons for considering closure of an establishment. Another potential problem with the consultation mechanism involves the Ontario Securities Act. Confidential consultation between management and employees concerning a plant closure is permissible, provided that trading on the issues of the company concerned does not occur where inside information is used. Management would be liable for prosecution under the act in the event of illegal trading. Requiring employers to undertake prior consultations could place them in a difficult situation.

9:10 p.m.

Proposals are made from time to time to establish a public justification mechanism, also with the objective of preventing mass layoffs or plant closures. In considering this idea, I would suggest that policy development in this province cannot take place in isolation. Ontario must compete with jurisdictions both in Canada and in the United States for business investment. A public justification approach could, as with mandatory prior consultation but perhaps more severely, place Ontario at a competitive disadvantage in North America.

Also, a justification process may not alter closure decisions, but instead could build an unhealthy public attitude towards business, regardless of the legitimacy of reasons for closures.

Mr. Wrye expressed concerns about the severance pay requirement as set out in the Employment Standards Act. I set out in my opening statement the rationale for the present provision in the act. I might now add one or two additional points.

The provision is aimed at longer-service employees since these workers generally have the most to lose when their employment is

terminated. There is also valid reason for not extending the provision to layoffs involving fewer than 50 employees or to layoff situations other than closures. A broader severance pay requirement would have negative implications for the viability of smaller establishments and others forced to reduce operations until there is an upturn in the economy.

Someone might feel inclined to refer to the severance pay provisions under the Canada Labour Code, which have fewer restrictions on eligibility. I do not believe that one can compare the federal jurisdiction with that of Ontario in terms of appropriateness of any particular legislative requirement. Industries under provincial jurisdiction represent a much broader mix of size, activity and perhaps competitive pressures. In this respect, the potential impact of a mandatory provision could be much more significant on firms covered by Ontario's employment standard laws than on those under federal jurisdiction.

Mr. Wrye also made mention of the minimum conditions for mass notice and perceived loopholes in the definition of temporary layoffs in the Employment Standards Act. Under subsection 40(2) of the act, notice is required to be given by an employer to terminate 50 or more employees in any period of four weeks or less. Eight weeks' notice is required if the employment of up to 200 persons is to be terminated at an establishment; 12 weeks' notice must be given where at least 200 but fewer than 500 are involved; and 16 weeks' notice is required if 500 or more persons are to be terminated.

These provisions are intended to provide a period of time before employment ceases for those laid off to take any necessary steps to secure alternative employment. Longer notice periods for larger-scale layoffs or closures are required because of the more significant local labour market impacts of such terminations, especially when they occur in smaller communities. In cases of mass termination, the employees and the community, assisted where necessary by government, need more time to develop alternative strategies for adjustment to the termination.

Two of the major difficulties which are inevitably encountered in implementing such legislation relate to the degree to which a termination situation is or can be foreseeable and determining when an employee is truly terminated from employment.

In the case of foreseeability, the present notice requirements recognize that the employer

cannot foresee the sometimes minor adjustments which may have to be made to employment levels in response to the requirements of his suppliers or customers. Imposing longer notice periods would, because of the problem of foreseeability, increase costs to many employers who would have no other choice but to provide payment in lieu of notice to workers. This is not in keeping with the intent of the legislation, which is to provide advance notification of a termination.

In the case of determining whether an employee is truly terminated from employment, regulations under the act recognize that a layoff may, in fact, be temporary and that the employer has every intention of recalling the employees to work. A layoff is considered to be temporary if it lasts for not more than 13 weeks in any period of 20 consecutive weeks. This period may be extended under certain circumstances, where the person laid off receives payments from his employer, where payments continue to be made by the employer under a retirement, pension or insurance plan, or where the person laid off receives or is entitled to supplementary unemployment benefits. An extension may also be granted where the worker is recalled within the time or times fixed by the director of the employment standards branch.

The last provision would apply only in cases where the employer offered firm evidence that the laid-off employees would be recalled on the date fixed for recall and where the extension was required for reasons beyond the control of the employer. Similarly, where the employer continues to make payments to the employee through a SUB fund, for example, or, on the employee's benefit, to a pension fund, for example, this is also taken to indicate the employer's commitment to recall the employee at a future date. In this case, the notice of termination provisions of the act are also waived, and the layoff is considered temporary.

The standards by which a layoff is currently considered temporary are, in my view, realistic and require tangible evidence that the employer intends to recall the employees. I would not wish to see any workers deprived of the opportunity of returning to their jobs by the placing of undue restrictions in situations where there is a legitimate need for an extended temporary layoff.

Mr. Wrye asked whether the recommendations made by ABT Associates with respect to handicapped wage permits have been adopted. As the member for Windsor-Sandwich may be

aware, the ABT report recognizes the issues it addresses have far-reaching implications for the workshops and for the government, and recommends that the Ministry of Labour co-ordinate its further analysis with the workshop review activities of the Ministry of Community and Social Services.

Accordingly, following the publication of the ABT report, an interministerial committee composed of representatives from the ministries of Labour and Community and Social Services was established to review the report and related issues. As expected, the tasks required of the committee proved to be very difficult, and involved the detailed analysis of the interrelationships among the rights of persons with handicaps; employment-standards issues; income-security programs; federal cost-sharing criteria; and government funding approaches. The committee has met with a number of interested parties, including workshop operators, consumer groups and individuals, and while work on this matter has not proceeded as rapidly as I had hoped, I will be reviewing the matter with my colleagues in the next few months.

Mr. Wrye said that he would be interested to know about the Ontario Human Rights Commission's experience in administering the provisions of the new code and made a number of particular references to those involving handicapped workers. As I noted in my opening remarks, in the four months following proclamation, 83 complaints relating to the new prohibited grounds of discrimination were filed. This represents 41 per cent of the total of 201 complaints filed during this period.

Allegations of discrimination because of handicap represent the largest category of new complaints, 47 per cent of all new cases. In recognition of this expanded volume of complaints, the number of human rights officers has been increased by 10 to enable the commission to deal with cases more quickly and effectively.

In recognition of the concentration of cases relating to discrimination because of handicap, a unit consisting of a manager and three human rights officers was established to give administrative directions to programs designed to eliminate discrimination because of handicap. It is responsible for giving expert advice on all compliance matters, research and educational activities relating to this new ground of discrimination, both to human rights officers who are handling complaints relating to handicap in the district offices and to the public across the province. The unit is also making its presence

felt, among other ways, through speaking engagements and in meeting with consumer groups.

Its specialist staff also handles complaints that involve particularly complex issues. As well, the commission has the authority under the new code to initiate a complaint relating to handicap or to any of the prohibited grounds of discrimination, by itself or at the request of any person.

I might remind the committee that Ontario has been in the forefront of the fight against discrimination because of handicap. The definition of "handicapped" in section 9(b) of the code applies in all areas covered by the code and encompasses both mental and physical disability. Mental retardation, learning disability and mental disorder are explicitly included.

If Mr. Wrye was arguing for a broadening of this definition, I must say that I do not readily see how it could be expanded. Indeed, I would remind honourable members that, apart from Ontario, only Quebec protects people from discrimination on the basis of mental disability. The federal government just last month introduced an amendment to their human rights code to provide this protection.

Mr. Wrye also mentioned the problems that arose at Canadian Pizza Crust Ltd. involving 23 female, East Indian employees. As I reported in the Legislature before Christmas, with the assistance of my ministry the parties concluded a settlement of their differences.

The terms of the settlement provided for the reinstatement of all 23 employees, effective December 13. In addition, the disputed 30 cents per hour wage increase would be granted to those reinstated workers who qualify by reason of length of service. In return, the employees withdrew their complaints under the Employment Standards Act and the Human Rights Code. I appreciate that my answer here is perhaps a little brief because there have been further developments in that respect. We are working on those now.

9:20 p.m.

Mr. Wrye inquired as to the results of the government study on mandatory retirement. My predecessor referred the issue of mandatory retirement to the Ontario Manpower Commission with the request that it investigate the implications of extending the age provisions of the code to protect persons over age 65 from discrimination in employment. As I noted in my opening statement, this study, which will be completed in the spring, is examining the impact of such a change on pensions, collective bar-

gaining and supply and demand characteristics of the labour market.

Mr. Wrye asked whether I intend to intervene to accelerate progress on such issues as equal pay, affirmative action, sexual harassment and day care. First, let me say that I do not believe that direct intervention by government is always the most productive means by which change may be initiated, especially in an area as complex as that of women and employment. Instead, many varied initiatives are required, which involve promotion, encouragement and assistance with respect to changed attitudes and practices. The government itself has set an example as an employer.

As I indicated in my opening remarks, the Ontario government has for some years demonstrated a leading role in voluntary affirmative action. It was the first major employer to adopt a concept of numerical planning targets. This concept identifies the possible gains which women can make in underrepresented occupations and is proving particularly successful in increasing women's representation at senior and middle management levels.

Women now represent 27.3 per cent of the administrative module. The senior executive ranks of the government have been decreasing at the rate of almost 15 per cent over the past five years, but women have increased their number by over 50 per cent and their representation to 6.9 per cent during this period.

The average salary of women in the Ontario public service in March 1982 was \$18,003, representing an increase of over 11 per cent, as opposed to 9.2 per cent for men. Not only is the average salary for women in the service far in excess of that in the private sector, but the wage gap in the public service is also narrowing, while that in the private sector is widening.

In the personnel policy area, changes have been made, such as a forthcoming policy on sexual harassment and the improvements in the area of staffing practices, staff development opportunities and working conditions for women. These results can still be improved upon and we will continue to improve and fine-tune our affirmative action program as a demonstration of our commitment to the working women of this province and as a model for the private sector.

The promotion of equal opportunity for women in the private sector is a primary responsibility of the women's bureau. Since 1975 it has directed its efforts towards the adoption of affirmative action strategies by those employers

with more than 500 employees. The bureau has assisted 204 employers to develop and implement measures designed to improve the status of women employees. In my view, this represents a significant proportion of the potential client base of 896 employers.

In support of this important program the ministry has allocated additional resources to the affirmative action consulting service. Throughout the coming year staff will continue to provide relevant resource materials to employers who are already involved and will encourage others through contact with individual employers as well as various industry and trade associations.

As I mentioned earlier, I appreciate the assistance of the Advisory Council on Equal Opportunity for Women. Members of this body will discuss the need for affirmative action in several communities throughout the province during the coming months. In response to a recommendation of the advisory council in its three-year report on affirmative action, I intend to establish an awards program for employers who have made significant affirmative action effort. I believe that such public recognition will act as an incentive to the many employers who strive to be good corporate citizens.

While I am fully aware that more needs to be done in this field, I am encouraged by the positive results reported by employers through the bureau's survey of affirmative action activities. I believe that increased understanding of the concept of affirmative action and of the potential for economic benefits will result in further commitment to positive changes for women in the private sector.

As I indicated in my opening remarks, the differential between men's and women's earnings continues to be of major concern. While the major factor affecting the wage gap has been identified as occupational segregation, that portion attributable to wage discrimination alone has been directly addressed to the efforts of the equal pay section of the employment standards branch.

In the fall of 1979 the Ministry of Labour conducted a pilot project of equal pay investigations of randomly selected establishments to determine the extent of compliance within the law. The results of these audits indicated that, given additional resources, more could be done to assure compliance with the legislation. Accordingly, a special equal pay team was formed with the sole purpose of conducting equal pay investigations. The ministry also launched a success-

ful media campaign to remind employers and employees of their rights and obligations.

Since the inception of the equal pay program in March 1980, more than 1,700 women have been awarded a total of almost \$2 million in back pay and annual increments. In order to expand coverage of the present legislation to the benefit of more women, we are considering an amendment to the Employment Standards Act to allow for a composite approach. As you know, the present legislation requires factor by factor comparison.

The concept of equal pay for work of equal value is another compensation approach which received considerable attention recently. Unlike the present equal pay legislation, this concept requires the comparison of entirely dissimilar jobs. The comprehensive study on this issue conducted by the ministry during the past several years has raised a number of questions which, in my view, have not been satisfactorily answered.

These pertain to the effects of government intervention into a wage and salary structure which is largely determined by labour market supply and demand; the impact on the ability of Ontario industry to compete in international and domestic markets and thereby to participate in an economic recovery; the effect on labour-management relations; and the potential for increased unemployment rates for women.

Mr. Wrye has also questioned my intentions with respect to sexual harassment. This problem was recognized by the Ontario Human Rights Commission in 1976 when it began to accept such complaints under section 4 of the old code, which prohibited sex discrimination in the work place. While several board of inquiry decisions formally established this application of section 4, it was perceived that there was still a need to clarify the code's jurisdiction in this area.

The new Human Rights Code proclaimed last June makes specific the prohibition against harassment with respect to both accommodation and employment. Under the code, employees are protected from harassment by employers and fellow employees. Sexual solicitation by a person in a position to confer, grant or deny a benefit or advancement is particularly prohibited, as are reprisals for rejecting such advances.

The commission reports that the new legislation is effective in that sexual harassment represents 19 per cent of all complaints received under the new code. I am also encouraged by the fact that over the last year 60 employers

have asked the women's bureau to assist them to develop policy statements designed to eliminate sexual harassment from the work place.

Mr. Wrye asked for a description of day care initiatives. The appropriate forum for this discussion is elsewhere. I can, however, report that the Ministry of Community and Social Services is expanding and enhancing the network of both formal and informal child care. The women's bureau of our ministry has been active in promoting awareness of the concept of industrial day care through a background paper which has been widely distributed among employers.

The honourable member also raised a series of industrial relations issues to which I would like to respond briefly. First, reference was made to certain comments made by Professor David Beatty about the need for legislated standards of fairness governing discipline. I understand that these comments were made at a conference on arbitration in respect to a 1981 decision of the Court of Appeal, which set aside an award in which the arbitrator had found that management's rights were subject to an implied duty to act fairly. I am somewhat reluctant to remark on a statement which I did not have the opportunity to hear or review. I can only say at this point that a management rights clause, like any other provision in a collective agreement, is subject to amendment through the collective bargaining process.

The honourable member also referred to the recent decision by the Ontario Labour Relations Board concerning political canvassing in the work place. I think the decision in *Adams Mines* is self-explanatory, and it is certainly not my intention to enter upon a lengthy analysis of the board's reasoning. On the same subject, I might add that the facts do not appear to raise any basis for a complaint under the Human Rights Code.

Finally, in the industrial relations area, the honourable member has urged legislation to protect trade unions and employees from unlawful interference by security firms. I would direct his attention to section 64 of the Labour Relations Act, which expressly prohibits interference in lawful union activities. I believe that the jurisprudence which has developed under this section clearly demonstrates that effective safeguards are already in place. As the honourable member knows, the legislation pertaining to the licensing of security firms falls within the responsibility of the Solicitor General (Mr. G. W. Taylor). The relevant legislation is presently

under review and I have expressed my concerns to my colleague on this matter.

Mr. Chairman, that concludes my response to Mr. Wrye. With your permission and with a glass of water, I would like to turn to Mr. Mackenzie.

9:30 a.m.

The Vice-Chairman: Absolutely. I am sure Mr. Wrye appreciates the thoroughness of your response.

Mr. Williams: I am glad he did not ask any longer questions.

Hon. Mr. Ramsay: If I may, Mr. Chairman, Mr. Wrye had to leave on holidays and was not able to hear the entire statement. If he had been here, probably some of his questions would already have been answered and it would not have been necessary to go into it again.

Before I start with Mr. Mackenzie, he sent me two notes in the House today. The first one asked if I was going to kick the "h" out of him in return this evening—and I want to make sure this goes on the record—he said secondly, "You did not need to start by kicking in the window of my constituency office at 2 a.m. last evening and take off with all my chairs and some other small items."

I want to assure Mr. Mackenzie I was in bed alone in my apartment last evening, which probably does not give me anyone to collaborate that statement, but nevertheless—

Mr. Sweeney: That is a heck of an alibi.

Mr. Mackenzie: We were three hours in the cold waiting for someone to board up the windows last night from 2 a.m. until 4:30 a.m.

Hon. Mr. Ramsay: As I said to Mr. Mackenzie when he came in tonight, he must have some pretty fancy chairs that someone would want to steal them.

On Tuesday I responded to some preliminary remarks by Mr. Mackenzie by stating that while I felt that some of his statement on Monday night had been extreme and that some of the positions he articulated were intemperate, I was not one of those who doubted his sincerity or honesty or competency in speaking most effectively for the labour movement and the workers of this province. It is obvious that we have fundamental differences as to the most productive methods of serving the workers of this province, but I firmly believe that no one could question the fact that he and I share unequivocally the same basic objectives.

Having said that, I want to take strong exception to a segment of his remarks in respect

to Bill 179. He suggested or implied that if I disagreed with the suspension of collective bargaining in the bill, then I should have broken ranks with my cabinet colleagues and resigned on a matter of principle. I strongly disagree.

Our parliamentary system is built on cabinet and caucus solidarity. To dissent in cabinet or in a caucus and then present a united front is routine. With the possible exception of Mr. Jack Stokes, I have never seen anyone in the NDP caucus indicate publicly any dissatisfaction with a party legislative position at the time of a vote. In fact, I believe Mr. Mackenzie had strong reservations about the tradeoff on the principle of a last-offer vote as part of the union security bill. He expressed those reservations, but he still supported the bill by voting for it.

Similarly, I had real reservations about the suspension of collective bargaining in Bill 179, as did, I might add, several of my colleagues, but I supported the bill and still do, as they did, because I strongly believed it was in the public's interest and addressed the wellbeing of the working people.

My stance was not a popular one, publicly at least, in my home community. It was not easy for me to attend three different worker rallies and be the only one to speak in favour of the bill, while most of those in attendance were acquaintances, many were friends and some were close friends. It was not easy for me to have teachers with whom I played softball and enjoyed other sporting and social activities and with whom I used to go for a beer or two after those occasions turn away from me in frustration and even disgust over my position. It is not easy to have close friends in the labour movement berate me for my position.

But that is the difference between being on the government side or in opposition. On the government side decisions must be made and positions have to be taken, unpopular or otherwise. It is easy to be in opposition, particularly during difficult times like this. It is easy to criticize and second-guess. It is easy to press for additional funding and the enhancement of every imaginable program and service, but while I admit to some envy in that respect, I will still opt for a position of responsibility and the opportunity to address the crucial issues of government.

So, Mr. Chairman, I resent the questioning of my principles. In the same vein, I want to respond as vigorously as possible to Mr. Mackenzie's statements on Tuesday, and to a lesser degree on Monday, in which he tried to estab-

lish the perception that my position as Minister of Labour was one of neutrality, rather than advocacy for the worker.

The record will show that he made repeated references to my alleged stance of neutrality on labour issues. That may be his characterization of my position, but it is not mine. I thought that the statement I had made in introducing the estimates was very clear. I do regard myself as the principal spokesman and advocate on labour issues in cabinet. There should be no doubt on that point.

What I did say was that, as labour spokesman in cabinet and elsewhere, I do not intend to suspend critical judgement and cannot undertake to promote every cause or position put forward by a labour organization. I doubt that Mr. Mackenzie would expect me to do that, nor, I hope, would he do so himself if he were in my position. All proposals deserve and demand careful evaluation.

To repeat, the guiding criteria that I attempt to apply is whether the proposal being advanced is consistent with the general obligation of the ministry to enhance fairness, equity and security in the work place; and, if so, can the particular objective be achieved without real jeopardy to the balanced growth of our economy, upon which employment and worker prosperity and wellbeing depends? Is my friend suggesting that those criteria for critical evaluation are wrong? If so, I would be interested to know the criteria he would apply.

At the same time, I have said, in keeping with my philosophy that labour and management should be regarded as enterprise partners, that it would be unrealistic, unfair and wrong not to listen to management's views on labour-related proposals. I hope that my friend, who I have learned from experience is a fair and pragmatic person, would do the same were he the Minister of Labour.

In the end, however, there is no doubt that I bear the ultimate responsibility for putting before my colleagues in cabinet proposals for advancing and improving the condition of Ontario's work place. I do not understand how my friend is able to conclude, from anything I have said in these debates or elsewhere, that I am not entirely comfortable with or enthusiastic about accepting that responsibility.

In his remarks the member for Hamilton East (Mr. Mackenzie) alluded to two particular disputes, which he suggested were dramatic illustrations, not only of ministerial neutrality but even inaction and indifference. A brief review

of the facts in each of these disputes will clearly show that the examples chosen to support the member's argument were extremely poor ones.

I would like to begin with the dispute between Irwin Toy Ltd. and the United Steelworkers of America. I would remind the member that following conciliation a mediator from the Ministry of Labour was actively involved in endeavouring to assist the parties to reach a settlement. The mediator met with the union and the company on four occasions between June and September of 1981, but was unsuccessful in his efforts.

In view of the serious nature of this dispute, in late September the Minister of Labour appointed a disputes advisory committee composed of Mr. Robert Joyce and Mr. Terry Meagher. A settlement was ultimately reached in December, with the involvement of the disputes advisory committee. Subsequent to this settlement, a preventive mediation initiative was commenced at Irwin Toy, which is presently adjourned pending the outcome of negotiations and proceedings before the Ontario Labour Relations Board.

The member has also referred to the 1981 dispute between the Canadian Union of Public Employees and a number of this province's public hospitals. Once again, if one reviews the record objectively, I do not see how the ministry can fairly be accused of inattention or lack of interest. I realize that Mr. Mackenzie spoke to this point earlier this evening, but I would like to read what I have here.

A mediator was involved throughout the fall of 1980 and, indeed, through his reports a tentative settlement was reached in September, which was ultimately rejected by the membership. Senior ministry officials met again with the parties in early December, but were unable to assist them to conclude a settlement. The assistant deputy minister met personally with the parties in the days preceding the announced January strike date, but again no resolution of the dispute was reached.

Shortly after the unlawful strike commenced, the minister appointed a disputes advisory committee, which met with the parties throughout the week of the work stoppage. As the members of the committee will recall, no negotiated settlement was reached, and this dispute was ultimately referred to arbitration.

40 p.m.

As a result of the strike, a significant number of hospital employees were discharged or disciplined by their employers. The minister of the

time, recognizing the hardship and destabilizing effect of these disciplinary measures, appointed Mr. Robert Joyce and Mr. Terry Meagher to meet with the the union and the hospitals involved in an effort to assist them to reach some mutually acceptable accommodation.

A substantial number of the resulting grievances were settled, and others were consolidated to facilitate their expeditious resolution and arbitration. I would also point out that a parallel effort, conducted by grievance settlement officers from the ministry's office of arbitration, proved to be equally successful.

The member will be interested to know that the minister of the time received considerable criticism from management for what was seen to be an unwarranted interference with the right of an employer to impose discipline. In any case, I fail to see how either the ministry's response to the Irwin Toy dispute or to the CUPE dispute, can be described as passive or inattentive.

Mr. Mackenzie was also critical of the length of my opening statement, suggesting that there was some new and perhaps sinister motivation here, adopted by myself and other cabinet ministers for the purpose of wasting time. I must say that I totally reject this suggestion. A good deal of time and effort was spent in preparing and reviewing my opening remarks with a view to providing committee members with a full accounting of the work of the ministry.

This ministry has a broad and important mandate. I believe that in asking for approval of the ministry's estimates I have an obligation to account for my stewardship and in doing so, to give a full and comprehensive summary of the major current policies and program thrusts and accomplishments. I do not apologize for that; in fact I think I would be derelict in my duty if I did not do so.

I might add that this criticism by Mr. Mackenzie is to me, at least, curious, in the light of his own introductory remarks which lasted approximately three hours. Moreover, in reviewing last year's estimates debates, I note that, not only did Mr. Mackenzie make a rather lengthy opening statement, but also that his colleague, the member for Sudbury East (Mr. Martel) made what was, in effect, a major supplementary statement later in the debate. Judging from the printed record, it must have lasted several hours and dealt entirely with occupational health and safety matters.

Indeed, Mr. Martel's statement appears to have been so long that time did not permit my

predecessor to deal with his observations in the debate itself. Instead, a lengthy and detailed written response had to be prepared and sent to committee members subsequent to the conclusion of the debate. So I find it strange for the New Democratic Party Labour critic to be critical about the length of ministerial statements.

Still dealing with general matters, there is one statement that Mr. Mackenzie made, above all others, which I find particularly disturbing. It is one thing for him to accuse the government of engaging in dirty tricks, to say that we are applying double standards in the area of plant closures, occupational health and safety and so on, of being neutral, and of "not giving a damn," and generally of being indifferent in the fact of conduct by companies engaged in deliberate anti-union activity.

I can understand all that and appreciate, in the political context of these discussions, why this kind of rhetoric is used. There was one statement, however, which I find particularly disturbing, and I wonder whether, on reflection, he really meant it, and if so, whether he would care to repeat it and elaborate on the grounds upon which he based it.

I took it down verbatim because it startled and disturbed me. He said, "Moral responsibility means nothing in Ontario." The statement was made in the context of a discussion of plant relocations, but I am wondering what he really intended in this blanket indictment of Ontario society.

Was he really suggesting that employers, either individually or collectively, in this province, are totally devoid of concerns for the wellbeing of their employees? Perhaps this is what he meant; but if he did, I want to say that I believe that it is a startling and irresponsible judgement.

I really do not believe that the responsible leaders in the labour movement in this province would express that view, let alone hold it. The fact is that in Ontario we have in the main a body of employers and unions that carry out their respective responsibilities in a conscientious, law-abiding and effective manner.

Particularly at a time of economic distress, I do not think that it contributes to the search for solutions to brand Ontario employers, as a group, as immoral. Of course, there will also be individual and isolated situations where corporate behaviour does not meet either Mr. Mackenzie's expectations or mine. I know of no institution in society whose image is not tainted to some degree by the behaviour of some

members of that particular group. This is true governments, unions and corporations alike.

What bothers me however, especially at time when we should be searching for consensus, are generalized, distorted statements about what kind of institutions we have in Ontario. Presumably people in the external world read these debates and I wonder what conclusion they would reach about the state of labour management relations and labour laws in Ontario were they to read Mr. Mackenzie's remarks the last two days in isolation.

Listening to him, one would believe that labour relations are in a shambles, that employers are a heartless and uncaring bunch of profitmongers, that workers are widely exploited, that worker fear of reprisal for invoking statutory rights is rampant, that trade unions are denied legitimacy, and so on.

In reflecting on my friend's remarks I asked myself, and I put it to my friend, what purpose is served in conjuring up this bitter, distorted and twisted view of our society? I and my official deal, day to day, day in and day out, with workers and their leaders and this is not the picture that is presented to us. Certainly there are problems, but my friend insists that the problems are pervasive and, indeed, typify the system. That is simply not the case and he knows it.

We have not reached a stage of perfection; no one has argued that in these debates and certainly I did not say so in my opening statement. There are improvements that can and will be made, but in the meantime Ontario need apologize to no one for the state of its labour laws nor for the state of its labour-management relations, which I can tell the member is the envy of many jurisdictions.

I would venture to say that we have made more progress in the evolution of humane and sensible labour laws and the administration of those laws over the last seven or eight years than any comparable jurisdiction in North America or in western Europe and I, for one, have no hesitation in saying so, either in these debates or elsewhere.

Turning from general comments, Mr. Mackenzie has asked about the case of Randy McMann and the effectiveness of the Human Rights Code and the handicapped employment program in assisting disabled persons to find employment.

Mr. Mackenzie will recall that my predecessor wrote to him last February and suggested that he seek the assistance of the program for

employment disadvantaged sponsored by the Canada Employment and Immigration Commission, and PATH Employment Services. I understand that, to date, Mr. McMann has not contacted either agency.

If Mr. McMann, or anyone else with epilepsy, believes that he or she has been discriminated against because of his or her handicap, then the person should seek the assistance of the Ontario Human Rights Commission. I have already indicated that the definition of "handicap" includes both mental and physical disability, and I would draw your attention to the fact that epilepsy is explicitly mentioned as being covered by the act.

A special unit has been established to give expert advice on all compliance matters, research and educational activities relating to discrimination because of a handicap, and to handle particularly complex cases. As well, the commission as a whole is actively engaged in a program of public education.

In addition, the handicapped employment program actively promotes the employment of handicapped individuals through individual contacts and a variety of courses, seminars and printed material involving employers, professional groups and handicapped individuals themselves.

I might also point out that the vocational rehabilitation service of the Ministry of Community and Social Services has an extensive network of professionals who are engaged in training and finding employment for job-ready people, as has the rehabilitation service of the Workers' Compensation Board.

As I mentioned in my opening remarks, I appointed Jean Pigott to head a task force to find out how employers could do more to employ people with handicaps. Her report is expected imminently.

Further, the Ontario Manpower Commission is in the process of evaluating current government programs in order to formulate an effective employment strategy for handicapped individuals.

Given the activities I have outlined, it is my view that our record in the area of handicapped employment is highly commendable.

Next, in response to the concern raised that apparently no progress has been made with respect to the composite index approach to equal pay for equal work, I wish to review what has been happening recently on this matter. Before proceeding on the composite index, a number of technical issues have to be resolved

regarding its application and administration. Work on these technical issues is under way.

As you are aware, this approach will broaden the basis for determining equality of work by allowing a composite evaluation of the four tests of skill, effort, responsibility and working conditions to determine whether two jobs are equal, while retaining the requirement of "substantially the same work."

To implement the composite index, it is necessary to develop or adapt job evaluation techniques for use by employment standards officers in carrying out equal pay investigations using the composite index. Well-defined criteria must be in place to assess the impartiality of job evaluation systems in organizations where complaints arise, that is, to ensure that such systems do not have biases which create inequities when jobs that involve female workers are classified.

9:50 p.m.

We will also be refining techniques for analysing and comparing jobs in firms without formal, structured job evaluation plans. Once the above work is complete, we will be in a position to produce a manual as a reference and guide for the field staff who will be carrying out investigations.

Industrial strategy: Mr. Mackenzie has expressed his perception that Ontario lacks an industrial strategy. As a member of the Board of Industrial Leadership and Development, I would call to his attention the action that the government has taken through that vehicle regarding economic growth and industrial development.

On its establishment in 1981, the board stated that it would be pursuing four main economic goals for this province: new job creation, diminishing inflation, increased trade and fuller and better use of our resources. At that time, six major themes were identified as priorities for development of the provincial economy: electricity, transportation, resources, technology, people and community. During the two years of its existence BILD has taken action to redirect spending to develop these economic priorities. The programs supported are designed to create maximum impact and leverage of private investment in the priority program areas.

One major achievement with far-reaching impact has been the establishment of six modern technology centres. These centres reflect our commitment to strengthen Ontario's capacity to develop and apply new technologies in such areas as microelectronics, CAD/CAM and biotechnology, which in turn will improve com-

petitiveness and provide the basis for expanding employment opportunities.

The budget statement of the Treasurer (Mr. F. S. Miller), presented on May 13 of last year, reinforced the government commitment to industrial development and expansion of employment opportunities in the long term. He noted that we cannot afford to pursue an industrial strategy based primarily on the resource sector and introduced important measures to improve the climate for capital investment and to stimulate the small business sector, which is a very important source of new employment in the province.

The point I wish to emphasize in all this is that it is not accurate to say the government has made no efforts to progress towards the development of an industrial strategy. With the programs and projects sponsored by BILD, we have made a significant beginning. Moreover, at the last two first ministers' conferences on the economy, the Premier (Mr. Davis) has put forward proposals which, if accepted by the federal government, would augment Ontario's own initiatives and lead to a national plan for economic recovery. It hardly needs emphasizing that without the appropriate national leadership no provincial industrial strategy is likely to be fully effective.

Occupational health and safety: First, on the regulation of toxic substances, Mr. Mackenzie questioned the ministry's performance in developing designated substance regulations. I devoted a considerable amount of time in my opening statement on this subject and I do not wish to simply repeat myself. However, I want to make it clear that I do not accept the criticism that our program is proceeding at an unjustifiably slow pace. You are quite correct in that there are five substances fully designated. However, as I think you realize, three more are before the advisory council for approval and eight more have been gazetted for comments on proposed designation.

I have already spoken about the complex, yet absolutely essential, consultative process which is entailed in the development of each new regulation. In addition, you are well aware of the very considerable amount of background health and epidemiological data that must be assembled and the scientific analysis which must be done in preparation for publication. I have previously alluded to all of this and I will not repeat it.

The essential point which critics, including you, appear to neglect is the fact that designation is but one of the ways in which protection is

provided under the law. I want to emphasize that because your leader has made an observation both in and beyond the House, that workers are unprotected in respect of those substances which have not been designated. I think it is important that members of this committee and the public understand that this is simply not the fact. It is worth our emphasizing that a number of provisions under the act enable the minister to offer a substantial measure of protection quite independently of the designation process. I think you are aware of such provisions.

There is, for example, the general duty of an employer to take every precaution reasonable in the circumstances for the protection of the worker and to provide the prerequisite information, instruction and supervision to protect the worker's health and safety. More particularly under the regulation for industrial establishments, employers are required to take all measures necessary to prevent exposure to all toxic substances, whether by inhalation, ingestion or skin contact. That regulation goes on to talk about particular requirements, including isolating the substance, providing adequate ventilation, providing appropriate personal protective equipment, showers and, where necessary, eye wash fountains. A similar provision appears in the construction regulation.

In addition, part IV of the act is devoted exclusively to control of toxic substances. Section 20 provides for the issue of orders by a director to control substances when, in the opinion of a director, the presence or manner of use of a substance is likely to endanger the health of a worker. The control measures available under this section include prohibition as well as less drastic measures.

The matters to be considered by a director in the application of this section to a particular work place are defined in the act and include those factors that are evaluated in the development and subsequent application of a designated substance regulation. Hence the director has very considerable powers to protect the health of workers by the use of section 20 of the act.

In addition, section 21 requires an employer to notify a director of his intention to manufacture, distribute or supply for commercial or industrial use in a work place a new substance. If, in the opinion of the director, the intended action may endanger the health or safety of workers, he may require provision of information that will allow a decision to be made as to what control measures should be taken. These

control measures may be enforced by means of an order under section 20.

Mr. Chairman, I have taken some time in reminding members of these provisions which do apply and are enforced by my officials. It may be helpful for members to know that during 1981-82, 3,142 orders were issued under section 145 of the regulations for industrial establishments and 1,076 orders were issued under the same regulation during the first seven months of the current fiscal year.

Dealing now with noise, Mr. Mackenzie raised questions concerning the ministry's position on the subject of industrial hearing loss and asked whether the ministry was committed to ensuring adequate protection for workers in this critical area. The answer is that this matter has indeed a very high priority within the ministry.

What apparently is not always clearly understood, however, is that since 1972 we have had a particular regulation dealing with noise in industrial establishments. The regulation defines with precision an allowable exposure limit that specifies when and under what conditions engineering controls or hearing protection are required. It contains, in addition, a table which defines permissible duration of exposure at various exposure levels beyond which hearing protection is required.

Notwithstanding the existence of that regulation, the ministry has determined that noise should be regulated pursuant to the designated substance program. The reason for this decision was that we wished to provide for the appropriate assessments, for hearing conservation programs, for audiometric testing, and for all of the other added features of protection which are possible under the noise control procedures envisaged in the prototype designated substance regulation.

I will not go through all of the other difficult, complex, but essential steps that have been followed since the intention to regulate noise was first gazetted. I would like to advise members, however, we did receive a very valuable advisory memorandum from the Advisory Council on Occupational Health and Occupational Safety dealing particularly with noise, which has greatly influenced the current form and substance of the regulation now before the advisory council for comment. I expect that we will be receiving council's response within a very short time.

While it is my hope and expectation that we will be able to process the regulation without delay, I would be less than candid if I were to

indicate that the final decision on one or two critical questions are simple. There is, for example, a very honest and serious scientific disagreement as to whether the exposure limits should be expressed in terms of instantaneous sound levels or whether these levels should be calculated on an averaging formula, and if the latter, what that averaging formula should be.

10 p.m.

Different jurisdictions have taken different approaches and there are, as I have said, different schools of scientific thought on the issue. None the less, we have no intention of being immobilized by these technical problems and are determined to complete the process without undue delay. In the meantime, as I have said, we have workers in industrial establishments who are protected by the existing regulation 144. It might be of interest to members to know that under that regulation in the past fiscal year over 700 compliance orders have been issued, so it cannot be said that there is a vacuum in this area.

Coke oven regulation: Mr. Mackenzie criticized two aspects of the coke oven emissions regulation. He referred to the regulation respecting coke oven emissions and was critical of the omission of a requirement for the laundering of protective clothing, as well as the 40-hour basis for calculating workers' exposure.

As to the laundering of clothing, that is an important subject which, I am told, is appropriate for inclusion in the control program which, in turn, is developed in consultation with the first health and safety committee. As members know, where the employer and the joint health and safety committee cannot agree on aspects of the control program, the regulation permits either party to bring the matter before a ministry inspector for decision. I don't believe that the matter to which you refer has been brought to the division's attention.

On the second point, the member disagrees with the 40-hour basis of calculating a worker's exposure to coke oven emissions. While I respect his concerns, let me put on the record one or two reasons why the ministry decided to use a 40-hour base instead of an eight-hour base.

First, the regulation is intended to prevent a chronic disease with a long latency period so that a dose measured on a 40-hour basis is more relevant to worker protection than a daily exposure. Second, the 40-hour result is more representative of a worker's actual exposure. Third, an eight-hour base provides results which exhibit greater daily variation, thereby giving

workers with a low result on one day a false sense of security.

These are, as everyone will appreciate, rather technical matters and my officials will be pleased to expand upon them at the appropriate time in the committee's proceedings.

Mr. Mackenzie: May I ask a simple question at this point?

Hon. Mr. Ramsay: Yes.

Mr. Mackenzie: Why was the laundering of the clothes on the premises and by the company, rather than the workers having to bring them home or negotiate it, not included as part of the coke oven emissions process?

Hon. Mr. Ramsay: Dr. Robinson.

Mr. Mackenzie: This is the question, pure and simple, being asked.

Dr. Robinson: It is my recollection on that that there was no specific discussion about the need for inclusion of that provision in the regulation on the basis that it would be one of the matters discussed as part of a control program. I don't think there was really any extensive discussion and no great point was made about it.

Mr. Mackenzie: Would it not make just as much or as valid a case also for lead and asbestos, that the clothing used in extensive operations of this kind should be handled on the premises and not be taken home?

Dr. Robinson: I think there is a good case, as you say, but I think here we are dealing with a slightly different form of the substance that we're seeking to control. I agree there is a need to take care of the laundering procedure, but we're not here dealing with the same type of contaminant. There is a vapour component in coke oven emissions which is of very considerable concern, as well as the particulate.

Hon. Mr. Ramsay: To continue, Mr. Mackenzie asked on Tuesday evening whether the ministry had assessed the input of Bill 179 on particular collective agreements. I would like to turn to that point now.

The study of the impact of the Inflation Restraint Act on public sector collective agreements, to which I referred earlier, was completed by the ministry's research branch in mid-November 1982. Its main objective was to identify and enumerate the collective bargaining contracts covered by the act, to identify the impact of the act's compensation limits on these contracts and to examine the timing of exits from the control provisions of the act in order to

assess the potential effects on post-controls bargaining volumes.

Using the ministry's collective agreements library as the principal source of information, it was estimated that the Inflation Restraint Act directly covers about 2,782 collective agreements affecting almost 433,000 workers. A separate estimate of the total number of workers falling within the scope of the act, including those who are not members of any collective bargaining unit, yielded a figure of approximately 565,000.

Four subsectors within the Ontario public sector as a whole, as defined by the act, accounted for 84 per cent of all the collective agreements covered. These were hospitals and related services, municipal governments, school boards and homes for the aged, nursing homes and social services. The first three of these subsectors, plus provincial government, accounted for 75 per cent of all bargaining unit workers covered by the act.

A breakdown of the employee coverage figures on the basis of sex showed that females constituted just over 51 per cent of all bargaining unit workers covered by the act.

In order to examine the impact of the act's compensation limits on the group of agreements under study, those agreements were divided into four separate categories according to the scheduled expiry dates of the contracts as of September 21, 1982, when Bill 179 was introduced.

The four categories were as follows—and I shall be happy to provide copies of this afterwards if you wish. I know there were copies here, but I shall certainly have them for you on Monday.

Interjection: I think we do.

Hon. Mr. Ramsay: Yes. You may wish to make notes though.

1. Agreements expiring prior to October 1, 1981.

Under the terms of the act, these agreements will be extended from their original expiry date until the anniversary of that date falling within the period from October 2, 1982, to October 1, 1983. The Inflation Restraint Board is charged with the task of determining the annual wage increases for this period, subject to a maximum nine per cent increase in the final 12 months. In the following year, the increase will be five per cent.

In effect, this group of agreements will be subject to a contract extension of more than 24 months. The study found only 16 agreements in this category, covering fewer than 2,500 workers.

2. Agreements expiring between October 1, 1981 and September 30, 1982.

These will be extended for a two-year period from the original expiry date, with a maximum nine per cent increase in the first 12 months, followed by five per cent in the second year. This "nine and five" group comprises 780 agreements, covering just over 132,000 workers—respectively 28 per cent of the agreements and 30 per cent of the bargaining unit employees covered by the act.

3. Agreements expiring between October 1, 1982 and September 30, 1983.

These will be extended for 12 months from the original expiry date with a five per cent wage increase. This category is by far the largest, with 1,617 agreements and over 240,000 employees—respectively 58 per cent of the agreements and 56 per cent of the bargaining unit employees covered by the act.

4. Agreements expiring after September 30, 1983.

These will be subject to a five per cent pay increase for the 12-month period from the anniversary of their effective date falling in the 12-month period ending October 1, 1983. This increase will replace the increase scheduled for that period under the originally negotiated terms of the agreement.

This category represents those agreements which will be modified or rolled back by the act. It is estimated to include 369 agreements, covering just over 58,000 workers—respectively 13 per cent of the agreements and of the bargaining unit employees covered by the act.

In relation to the total number of agreements and employees covered by the act, the rollback category is thus not especially large. The majority of workers affected fall within two particular subsectors: hydroelectric, sanitation and water services, and provincial government.

Incidentally, if I am not mistaken, I recollect that the member for Hamilton East referred in his opening statement to the impact of Bill 179 on hospital workers, pointing out that they will fail to receive their second-year increases since the bill will break their contracts, while the workers and their union representatives were jailed and fined not long ago when they were the ones deemed to have contravened their contracts.

10:10 p.m.

In fact, it is my understanding that relatively few hospital agreements will actually be rolled back, none of them to my knowledge involving the Canadian Union of Public Employees, which is the union to which I believe the member was

referring when he mentioned jail sentences and fines. I am informed that less than three per cent of all hospital workers covered by collective agreements will suffer a wage rollback under the terms of the Inflation Restraint Act. The remainder, of course, will have their agreements extended.

For obvious reasons, despite the fact that it is a much smaller category than the two major groups of extended agreements, the contracts involving a wage and/or benefit rollback have tended to attract a disproportionate amount of attention. Accordingly, the research branch's study made some attempts to quantify the extent of wage rollback which would be involved.

Unfortunately, comprehensive wage information was readily available only for major agreements covering 200 or more workers in the province. Twenty-one such agreements were identified as being within the rollback category. Estimates of the degree of wage rollback for those 21 agreements were generally in the four to seven percentage points range, with an average of approximately five per cent.

Finally, exits from the five per cent control year are spread within the one-year period beginning October 1, 1984, with the two largest concentrations occurring in the months of January and September, 1984. Approximately 1,470 agreements, and almost 300,000 workers, will exit from their control year in these two months.

Although the Inflation Restraint Act has probably contributed to some bunching of public sector contract negotiations in those two months, both are traditionally heavy bargaining months in any event. For example, a large number of local and provincial government agreements normally expire on the last day of December. Teachers' contracts expire on the last day of August, while there is a heavy concentration of hospital agreements generally expiring in September.

The study to which I have referred did not inquire into the potential effects of the administered price provisions in the act. As you know, my colleague, Dr. Elgie, the Minister of Consumer and Commercial Relations, is primarily responsible in the administrative sense for that part of the act. I do not have a list of agencies affected by the administered price provisions, nor a list of administered prices covered. All I can suggest is that this inquiry would perhaps better be directed to Dr. Elgie rather than myself.

Before I leave this topic, however, I would like to say that, as Minister of Labour, I am

satisfied that the administered price provisions in the act are being fairly and vigorously applied. I understand, for example, that the cabinet committee on administered prices has had a very busy and active schedule, and I am confident that its efforts will result in a moderation of the rate of advance in administered prices in the months ahead.

There are three other matters related to Bill 179 on which I would like to comment briefly. Mr. Mackenzie asked how the Ministry of Labour would react when faced with protests regarding the controls program. I feel that this is a very negative observation. I am obviously much more optimistic than he on the likely reaction to Bill 179. I believe that it has a wide measure of support from the general public and even from many individual public sector workers who are directly affected by it. I do not anticipate widespread opposition of the kind to which Mr. Mackenzie refers.

Mr. Mackenzie asked about the ministry's position with respect to the appointment of arbitrators under the Hospital Labour Disputes Arbitration Act, in the terms of the enactment of the Inflation Restraint Act. At the time the act came into force, the unchallenged interpretation was that it operated to extend all collective agreements, both in respect of monetary and nonmonetary matters. Based on this view of the law, the director of the office of arbitration wrote to arbitrators already appointed under the Hospital Labour Disputes Arbitration Act, advising them of the ministry's view of the law and requesting that they submit their accounts for services rendered.

Subsequent to these letters, it came to the ministry's attention that some trade unions were contending that the act does not operate to preclude arbitration on nonmonetary matters. It has also been argued that any such issue should be decided by the board of arbitration. I concur with this latter proposition, and I can tell the member that the ministry will be confirming with arbitrators that it is their responsibility to hear and decide any jurisdictional issue which may be raised by the parties to the dispute.

I can also tell the member that the Attorney General (Mr. McMurtry) intends to be represented in any proceeding where the interpretation of the Inflation Restraint Act has been put in issue. The position of the crown on the substantive issues remains the same, namely, that all existing agreements are extended and that for the period of the controls program there

is no basis for arbitration on monetary or nonmonetary matters.

Mr. Mackenzie also suggested that the restraint program constituted evidence that this government had abandoned its commitment to free collective bargaining. Other critics have gone further, suggesting that the program will apply a severely damaging blow to collective bargaining institutions or inferring that it represents an attempt by the government to emasculate the trade union movement in this province. None of these arguments has any substance and I categorically reject all of them.

The government has implemented the restraint program in the genuine belief that it represents an appropriate first response to solving some of our most intractable economic problems. I continue to regard the collective bargaining system as a healthy, vital institution that still represents the preferred vehicle for resolving economic conflicts of interest between labour and management. I do not believe that this expression of support precludes the possibility that in certain circumstances one might seek to temporarily place restrictions on the operation of that system in pursuit of a wider public interest.

In my opinion, what in many cases amounts to a one-year moratorium on those operations, confined to a particular sector of the economy, cannot reasonably be characterized as constituting a fundamental attack on collective bargaining, nor as indicating abandonment of a long-term commitment to its promotion. As I have pointed out, controls programs of varying degrees of severity have been and are still being applied in many jurisdictions without lasting damage to the collective bargaining system, at least so far as I am aware. I see no reason why this province should prove to be an exception.

Mr. Mackenzie has also expressed his concern about the involvement of security firms in collective bargaining disputes. He suggested that the Labour Relations Act should be amended to prohibit the activities of such companies.

I would like to point out that the act in its present form provides substantial protection against interference with the statutory rights of the trade unions and employees. I am thinking in particular of section 64, the general prohibition against interference with the lawful activities of a trade union; section 66, the protection from discrimination or reprisal on the grounds of union membership or union activity; and also section 70, which protects employees from

intimidation in the exercise of their rights under the Labour Relations Act.

Considerable jurisprudence has developed to date under these sections and, as the honourable member knows, an important proceeding is now in progress before the Ontario Labour Relations Board involving allegations of impropriety on the part of a security firm in a recent collective bargaining dispute. I am not able, of course, to comment on that case.

I would remind the member that unlawful conduct on the part of the security firm may not only be the subject of a proceeding under the Labour Relations Act, but also may give rise to criminal proceedings. Recently two major corporations, Dylex and K-Mart, were found guilty of conspiring to contravene a provincial statute, the Labour Relations Act, and received substantial fines of \$50,000 and \$100,000 respectively.

The legislation which establishes the licensing standards for security firms and private investigators is, of course, the responsibility of the Solicitor General (Mr. G. W. Taylor). The relevant statute is presently under review, and I can tell the honourable member that I have urged the Solicitor General to consider provisions which would make a violation of the Labour Relations Act grounds for denial or revocation of a security firm's licence.

I think it is fair to say that there are few jurisdictions in North America which have provided more effective protection to enable organizing campaigns to be fairly conducted and to permit effective representation of employees by their freely designated bargaining agent. Some commentators have suggested that Ontario should adopt legislation similar to that in Quebec, which purports to prohibit the use of replacements during a lawful strike.

It is interesting to note that in December the Quebec Court of Appeal found that this statute does not, in fact, prevent a struck employer from contracting out bargaining unit work during a lawful strike. It would therefore appear that the protection afforded by the Quebec legislation is somewhat more limited than many initially believed.

10:20 p.m.

Mr. Mackenzie has suggested that first-contract arbitration is necessary to give full effect to the right of employees to organize for the purposes of collective bargaining. First of all, our records show that only a small number of newly certified bargaining agents have difficulty negotiating a first collective agreement. The vast majority of certifications granted by the labour relations

board—90 per cent according to our last survey—result in collective agreements reached through the normal bargaining, conciliation and pre- or post-strike mediation process.

The experience of the four jurisdictions, which have made provision for first-contract arbitration, is less than encouraging. My most recent information indicates that in British Columbia, Quebec, Manitoba and the federal jurisdiction, of the approximately 51 collective agreements that have been imposed, only 19 are still in effect. The bargaining relationship has ended in the other 32 situations.

This data, in itself, is troubling, but one must also recall that in many of these other jurisdictions access to first-agreement arbitration is not automatic. In British Columbia and in the federal jurisdiction, the minister has the discretion to refer a dispute to the relevant labour relations tribunal, and the tribunal, in turn, has the discretion to decide whether or not it's appropriate to impose a collective agreement in the circumstances.

One of the factors which the labour relations board is directed to consider is whether or not the parties have bargained in good faith. In other words, it would appear that, to qualify for the benefit of the section, the trade union would have to establish that the employer had failed to bargain in good faith, the same ground for which relief would be available before the Ontario Labour Relations Board.

Finally, I think that the recent jurisprudence of the Ontario board clearly demonstrates that ample and effective remedies are available to redress anti-union conduct by employers in first-agreement situations. I know the member is aware of the Radio Shack decision and others and I would hope he would agree with that observation.

Mr. Mackenzie has drawn our attention to the matter of electronic surveillance in the work place. The use of cameras and other mechanical and electronic monitoring devices to watch over employees raises questions about the individual's right to privacy and the quality of working life, on one hand, and about what alternative measures might be taken to address security problems, if any, on the other.

As members know, this issue became prominent in 1978 because of the surveillance cameras in use at Puretex Kitting Mills. In addition to the parking, loading and storage areas, the cameras were focused on the production areas and even the women's washroom. A strike

ensued and was settled when agreement to refer the matter to binding arbitration was reached.

You will recall that in his decision Professor Ellis noted that in this matter it was necessary to balance the employer's right to manage with the employees' right to privacy and ordered all cameras removed except from the parking, loading and storage areas where security justified their continued use. As far as I am aware, the parties to this dispute acknowledged that this appeared to be a pragmatic solution to a sensitive problem.

You will also recall that in September 1979 the ministry published a discussion paper on electronic surveillance with a request from the minister for comment. Although over 2,000 copies of the paper were distributed to management, labour and the general public, only about 100 replies were received, and those revealed no pattern of concern or opinion.

Since then my ministry has received few reports of electronic surveillance to which employees object. In the small number of cases of which we are aware, the problem is being resolved through negotiation. As the Puretex case demonstrates, there is a remedy for the problem in the organized sector.

On a related matter, I might repeat that I expect to introduce legislation in the next session of the Legislature to prohibit the use of lie detectors in the work place.

Mr. Mackenzie has raised questions concerning hours of work and whether or not changes in the existing provisions and practices under the Employment Standards Act are contemplated. I recognize that there may be a relationship between long hours of work and job opportunities and have concerns about the scheduling of excessive overtime hours at a time of high Canadian unemployment. However, in considering the question of reducing statutory maximum hours from the current level of 48 hours per week, one must take into account the potential consequences of such action. While jobs might be created in some instances, the result could also mean a potential loss of flexibility for some employers who need extra hours occasionally to meet sudden peak-load requirements. This could impact on a firm's competitive position. In this respect, it must be noted that the United States does not have maximum hours legislation.

There may well be a potential for creating new job opportunities by restricting overtime hours, particularly where such hours are substantial and are worked on a regular basis. In

this respect, the employment standards branch is closely examining all requests for special overtime permits. Employers, in requesting such permits, must state the categories of employees, the number of employees in each category, the number of hours requested, reasons for the request and the steps proposed to alleviate the need for excessive hours. In addition, the plant closure review and employment adjustment branch of the ministry is consulted to check if a layoff situation exists within the company requesting permits for excess hours.

I am not satisfied that there has been sufficient research into the complex relationship between overtime work and new job creation. In October 1982 I suggested to the Honourable Charles Caccia, the federal Minister of Labour, that a joint federal-Ontario study on hours of work must be undertaken in the context of job creation. Recently Mr. Mark Daniels, the federal Deputy Minister of Labour, and my deputy, Mr. Armstrong, have met to discuss the contours of such a joint study and its feasibility. It has been agreed that technical experts from each ministry will work together to further explore the question.

Some of the areas that I would like addressed in such a study include the relationship between economic conditions and overtime hours worked by employees, situations where overtime hours worked by existing employees are significant even during a recession such as the current one, reasons for long hours being scheduled and the implications of restricting hours.

Mr. Wrye: Mr. Chairman, I see the minister is looking perhaps for a stopping point. If I can help him by drawing us closer to the clock, I noted generally the remainder of the statement is fairly lengthy. Could I get a bit of an idea of just how long? I ask that because some of the members of my party will want to come in for the individual votes, and I would like to gauge perhaps how much longer the minister's response to Mr. Mackenzie's remarks will be in terms of pages.

Hon. Mr. Ramsay: I would estimate it would be about 45 minutes.

Mr. Wrye: About 45 minutes before we get to the first vote on Monday night?

Hon. Mr. Ramsay: Yes.

The Vice-Chairman: Does the minister wish to continue?

Hon. Mr. Ramsay: I would be happy to

continue. I think it might be advantageous to set up all the time we have now.

The Vice-Chairman: Absolutely.

Mr. Mackenzie: Could you then go on to some responses, some specifically the minister has asked for? I'm wondering if we're going to get on to any of the votes at all. I have made about 40 notes on matters I would like to respond to, but I really was hoping tonight we could get through the second vote on the estimates.

Hon. Mr. Ramsay: Perhaps what I could permit myself to do is go through the remaining pages and try to edit it down or eliminate certain parts and provide you with the unedited version. I share your concern in this, and I think that could help in getting to the votes.

Mr. Mackenzie: I think that would be feasible.

Hon. Mr. Ramsay: It's just that I felt you had many concerns expressed and many of them I shared. I wanted to get back to you as completely and as quickly as possible. I would pay tribute to staff members who have almost worked around the clock since Tuesday night in order to compile these facts and figures. I wouldn't want to see their work go entirely to waste.

Mr. Mackenzie: How about your opening statement? Do we have any idea of how many hours of work and preparation went into that?

Hon. Mr. Ramsay: Considerable.

Ms. Bryden: Mr. Chairman, I think other members of the committee or other members of the House would like an opportunity to speak

also and enter the debate, besides the three leadoff speakers.

The Vice-Chairman: Certainly there is problem.

Mr. Mackenzie: If we are going to keep going back and forth with responses to one another, we could ignore the votes altogether. That is something I am beginning to realize and is something that has been happening more and more during the estimates in the last couple of years.

Hon. Mr. Ramsay: Would it be satisfactory to you, Mr. Mackenzie, if I tried to condense this to 30 minutes and then we went immediately to the votes?

Mr. Wrye: Thirty minutes, and then we'll go to Bill 179.

Mr. Mackenzie: Could you confirm that I am accurate in understanding you are going to give us the figures on your assessment of Bill 179?

Mr. Armstrong: Yes.

Mr. Mackenzie: That the total number of those affected is, in fact, 565,000?

Mr. Armstrong: Yes. That's the total organized and unorganized. The organized figure is 444,000 or something like that.

Hon. Mr. Ramsay: Are there copies of my statement for the critics?

The Vice-Chairman: The committee then stands adjourned until Monday evening next at 8 p.m.

The committee adjourned at 10:30 p.m.

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From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

Robinson, Dr. A. E., Assistant Deputy Minister, Occupational Health and Safety Division

Scott, J. R., Director, Employment Standards Branch

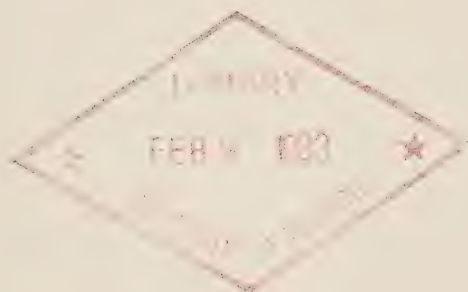


No. R-46

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Monday, January 24, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, January 24, 1983

The committee met at 8:05 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR

(continued)

Mr. Chairman: I call the meeting to order. I think we left off last day with the minister replying to some of the concerns of the critics.

Hon. Mr. Ramsay: Mr. Chairman, ladies and gentlemen, I think we agreed that I would go no longer than 30 minutes this evening in concluding the response. I will start on page 77.

Mr. Mackenzie suggested that employee petitions are a major obstacle to and distortion of the certification process. This is not a new contention, but I must say that my review of the disposition of certification cases by the Ontario Labour Relations Boards indicates that petitions are not a significant factor in the vast majority of certification cases.

In the last fiscal year the board heard 1,101 applications for certification. Employee petitions were filed in 150, or approximately 14 per cent of those cases. However, in only 56, or approximately five per cent, was it necessary for the board to conduct an inquiry into the petition. In other words, in only five per cent of these cases was it necessary for a union to challenge the petition, and in 18 cases the petition was accepted. The same proportions are revealed by the experience in certification over the past five years.

The decisions from the board on this matter make it clear that they will not accept as voluntary any petition which has been instigated by management. Their approach to this issue is an objective one, based not only upon actual evidence of employer involvement, but also upon a review of the circumstances surrounding the organization and circulation of a petition to determine whether the employees reasonably perceived that their employer was in any way supportive of it.

In my opinion, it continues to be appropriate for the Labour Relations Act to permit employees who have had a genuine change of heart to make their views known to the board. I am satisfied that adequate procedures presently exist to distinguish an expression of free choice from a tainted petition.

Mr. Mackenzie implied that individual workers are reluctant to bring complaints to the ministry for fear of reprisals by their employer. I can reply with conviction that nothing is more important in the work of the ministry than that workers be aware of their rights under law and be protected in exercising them. We do now provide specific legal protection against reprisals in all four of our major statutes: in section 80 of the Labour Relations Act, section 24 of the Occupational Health and Safety Act, section 7 of the Human Rights Code, and section 57 of the Employment Standards Act.

I appreciate that my friend is suggesting, notwithstanding these provisions, some employees still fear that their rights are in jeopardy if they lodge a complaint. There are, no doubt, such cases, but I trust that they are in a small minority. I can say without equivocation that the protection-against-reprisal sections of the legislation for which I am responsible will be vigorously enforced against contraveners.

I find it particularly repugnant that any employer would attempt to intimidate employees and threaten them with punitive action should they invoke their rights under the law. Therefore, I welcome this opportunity to make my position on the point clear.

Beyond that, I really do not know what else the ministry can do. I would be interested in any suggestions that my friend might have about how our laws on this subject could be strengthened. I must confess that no immediate solutions spring to mind, partly, no doubt, because of the strength of the existing provisions. However, I am certainly open to suggestions.

Mr. Mackenzie stated that the ministry has not acted on the recommendations of the select committee on plant closures and employee adjustment. As the member knows, the government has introduced legislation that addresses many of the concerns identified by the select committee in its draft final report. Indeed, some of the legislative changes were first introduced prior to the conclusion of the committee's deliberations. Members will recall that in December 1980 the Pension Benefits Act was amended to provide further protection to those persons who have vested pension rights but who have

not reached early or normal retirement age at the time of the plant closure.

As a further protection for all laid-off workers, not just those affected by plant closures, Bill 95, which became effective in July 1981, provided for the maintenance of employer contributions to benefit plans during the period of notice of termination, as well as during the period for which pay in lieu of notice is given. Contributions to employee pension plans are included in this provision, further protecting the pension rights of employees.

As the committee's final draft report points out, there is a need to ensure that employees affected by plant closures receive assistance in job placement. As members are aware, the provisions of Bill 95 do make provision for the Minister of Labour to require employers to participate in programs designed to facilitate the re-establishment in employment of those workers who are being terminated. Although this section was aimed at the establishment of manpower adjustment committees, this ministry has further developed its employee assistance program to provide job counselling to workers affected by plant closures.

All members are aware that Mr. Bob Joyce was appointed as a special adviser to act on behalf of the Minister of Labour to inquire into potential plant closures, to determine whether the plant closure could be averted and to co-ordinate the various government services that might be appropriate in any given situation.

As I have mentioned in my opening remarks, one of the most important initiatives of Mr. Joyce and his staff has been the establishment of an employee counselling program which provides job counselling assistance to workers affected by plant closures. This program has proven to be extremely helpful to those employees who have made use of its services and I want to assure members that it is our intention to expand this very important program.

One of the most important recommendations made by the select committee related to severance pay, which under the Employment Standards Act is now available to workers with five years' seniority who are terminated as a result of full or partial plant closures.

The select committee also recommended that studies be undertaken to determine the social and economic costs of a plant shutdown. As I have previously mentioned in my opening remarks, my ministry has undertaken such studies, including an examination of 21 closures across the province and a more in-depth exami-

nation of a particular closure in the town of Lindsay. These studies should be of great assistance in the further development of employee assistance programs.

I am able to provide a copy of a first draft of the Lindsay study to members this evening. Work on the broader survey continues and, pending completion of the report, the statistics collected to date can be obtained from Dr. Whittingham of our research branch.

The member for Hamilton East (Mr. Mackenzie) has criticized the exemptions to the severance pay provisions of the Employment Standards Act. I am, of course, prepared to listen to any reasonable suggestion for reform of any of the legislation for which I am responsible. In fairness, however, it must be acknowledged again that Ontario is the only jurisdiction in Canada to enact this type of legislation and, indeed, is among the few jurisdictions in North America to have done so. When viewed in this context, I think that the severance pay provisions of the Employment Standards Act must be regarded as an admirable initiative.

I acknowledge that the exemptions in the act do exclude from benefit a significant number of employees. In venturing into the area of statutory severance pay, the government endeavoured to protect the longer term employee, while at the same time not imposing an undue burden upon employers and perhaps creating a disincentive to hiring new workers. I am certainly aware of the criticisms which have been directed at the legislation and I assure the honourable member that they will receive my consideration.

Mr. Mackenzie raised the question of what action the government was prepared to take to stop the closure or relocation of multinational branch plants in Ontario. I must say it is hard for me to react to this issue on the basis of partial information.

As you are aware, we maintain data on the country of ownership of companies involved in closures or layoffs. I have yet to see any evidence that nonCanadian firms are making decisions on any different basis than that of their Canadian competitors. We are part of a global economy and, as you mentioned, rationalization is part, often a painful part, of survival in this difficult and strained environment.

As you know, the employment created by multinational or foreign-owned enterprises is crucial for Ontario workers and something that could be jeopardized by adopting a double

standard which would single out nonCanadian firms to justify layoffs.

In this global economy it is also important that we not lose sight of international norms. While a requirement for prior government authorization of layoffs exists in a few countries in Europe, there is no such requirement in any North American jurisdiction. In fact, few North American jurisdictions ensure the protection, in terms of advance notice, of pay in lieu of notice and severance pay that is afforded by the Employment Standards Act.

Mr. Mackenzie argues that the existing law is inadequate in protecting bargaining and employment rights in situations where plants are relocated in Ontario. As I understand your argument, you contend that there is nothing in Ontario to prevent an employer from relocating to escape his collective bargaining obligations. This is simply not accurate. I would refer the honourable member to a 1980 decision of the Ontario Labour Relations Board on Westinghouse Canada Ltd.

In the Westinghouse decision the board held that where a decision to relocate is taken, even in part, in an attempt to avoid a collective bargaining relationship, the employer is guilty of an unfair labour practice under the act and may be the subject of a number of remedial orders. The company, in this case, was directed by the board to offer all the employees the opportunity of employment at the new facility, to reimburse employees for their moving expenses and, further, to allow the complainant trade union access to employees at the new facility, and to reimburse the trade union for all reasonable costs incurred by it in attempting to organize the employees at the new plant.

I think that this remedial order clearly indicates that the board can effectively deal with an attempt by an employer to evade the collective bargaining relationship through relocation.

Mr. Mackenzie expressed his concern over the existing level of protection afforded to employee: wages in cases of business bankruptcy, receivership or other insolvency. I am sure the honourable member knows that I share this concern. I would like to expand on what I have said in my opening remarks, clarify the question of jurisdictional responsibility and indicate the current status of federal and provincial efforts.

I and my predecessor as Ministers of Labour have corresponded on several occasions with the federal Minister of Consumer and Corporate Affairs to underscore the importance of initiative on a national level to improve wage

protection for workers and, with the concurrence of Mr. Ouellet, I would be quite willing to table this correspondence. We have indicated to him our willingness to discuss the possibility of creating a national wage insurance plan, as suggested by Senator Hayden's banking, trade and commerce committee and as proposed by the federal committee on wage protection, chaired by Raymond Landry. Senior officials of my ministry have travelled to Ottawa to discuss with federal officials the prospects and directions for federal action.

Mr. Ouellet indicated in correspondence last November that he was giving serious consideration to amendments to the bankruptcy bill, which is now in second reading, to create a super priority for workers' wages over all secured creditors.

Further, we have been given to understand that there is some degree of support for such amendments from other parties and there is a possibility that an amended bill will be passed before the end of the winter session of Parliament. While my ministry is continuing to explore possible solutions at the provincial level, the constitutional division of powers imposes limits on the remedies within provincial competence.

Under section 91 of the British North America Act, the Parliament of Canada has exclusive legislative authority over bankruptcy and insolvency. While Parliament has passed legislation to occupy the field of bankruptcy, it has not as yet legislated with respect to other insolvencies such as receiverships. Bankruptcy cases are, therefore, subject to federal statutes, while receiverships and other less formal insolvencies fall under the provincial authority over property and civil rights.

As a practical effect of this division of powers, the courts have often found provincial statutes to be ultra vires because the statutes have been considered to be bankruptcy legislation, an exclusive federal matter. Also, in any receivership or other insolvency, creditors may petition the debtor into bankruptcy in order to avoid higher priorities which may have been established for wages of workers and, by so doing, bring about the application of the federal rules to what would otherwise have been a case to which provincial rules would be applicable. Thus, provincial wage protection provisions, which give special, favoured status to the claims of employees, must do so in the face of the very real possibility that other claimants will force the case into bankruptcy and into the federal jurisdiction and federal laws.

The preferred solution to this wage protection dilemma is co-ordination of provincial and federal efforts. This was one of the fundamental principles recognized in the Landry committee report and, as I have indicated, we have expressed our willingness to participate in discussions to this end. We thus await with interest the tabling of Mr. Ouellet's amendments and will continue to communicate with federal officials on the development of a long-range solution.

In view of the uncertainty of the federal initiative on this issue, however, the government announced in the last throne speech its willingness to develop measures to provide protection of severance pay required under the Employment Standards Act. We are reviewing options which may be within provincial competence.

In this process we have encountered very real difficulties flowing from recent court decisions. Two of these are by the Supreme Court of Canada, others by the British Columbia Supreme Court following the Supreme Court of Canada decisions, and still others by the Ontario and Nova Scotia Supreme Courts.

8:20 p.m.

Pending clarification of federal initiatives, I have asked my advisers to continue to explore the feasibility of improved protection for wages under provincial statute. However, because of the division of constitutional powers, the problem is extremely difficult.

Mr. Mackenzie implied that the ministry responds to problems such as Canadian Pizza Crust Ltd., only when they have been raised in the Legislature. Frankly, I take strong exception to that implication. In the matter of Canadian Pizza Crust, let me say that both the Human Rights Commission and the employment standards branch were working on this case well before it was raised in the Legislature by the leader of the third party on November 26, as he acknowledged at that time.

The initial contact with the Human Rights Commission was made on October 13, 1982, by the husband of one of the female complainants. On October 22, 1982, this employee filed the first complaint with the commission, alleging racial discrimination. That day, arrangements were also made for the remaining 22 complainants to file complaints with the commission. At the same time, the commission understood that the remaining eight complainants would be contacted by their associates so they too could file their complaints.

During this time, there were several tele-

phone calls to the office from members of a group called the Support Committee for Indian Women Workers. They promised to bring in the other women affected by the termination, and to also provide interpreting services. On November 1, the commission met with some of the women, to effect amendments to the complaint forms.

On November 19, the commission again met with two representatives from the Support Committee for Indian Women Workers and the procedures for investigating the complaint were explained again in full. At this point, they were directed to contact the employment standards branch next door to pick up claim forms for their severance pay.

When it was discovered that the other eight women were not interested in filing complaints in mid-November, the files were prepared and the complaints were processed for serving upon the respondents. This took place on November 29.

On November 23, a complaint was received by the employment standards branch. The complaint was assigned, meetings with the key parties were held within a week, and the officer's decision was rendered within two weeks.

Concurrent with this, a special effort of mediation was undertaken, which on December 10 resulted in a signed agreement between the parties, including an agreement to withdraw the complaints filed with the Human Rights Commission and the employment standards branch.

I should add that the ministry receives nearly a million telephone inquiries a year, and handles over 150,000 investigations, inspections and complaints. Clearly this is an indication that our service does not depend on the intervention of elected officials, though let me add that we always welcome that.

In saying this, I want to add that I welcome the opportunity to become personally involved in helping to resolve problems, as other members no doubt do also. I see this as an important part of my role in the ministry.

Mr. Mackenzie has also asked for my views on the issue of employees at Canadian Pizza Crust working excessive daily hours since their return to work on December 13. The statement was made by Mr. Mackenzie that, prior to the walkout on October 8, workers were working five eight-hour shifts each week as opposed to the new scheduled 10½ hours daily. This statement was accurate only as far as the day shift was concerned. Hours worked by the afternoon shift varied considerably, with 10- to 11-hour

days not uncommon, depending on the demand for the product.

In attempting to achieve a solution to the problem, one should keep in mind that the employer has not fired the new employees who were hired on October 8. In short, the employer has provided jobs for approximately 23 extra employees, and his shift scheduling will be affected by this expansion in his labour force.

The director of the employment standards branch will be making a decision concerning the scheduled hours of work, once he has had the opportunity to meet with the employees and the employer to discuss the problem. Consideration will also have to be given to the problem of loss of income if there is a drastic reduction in total weekly hours. He will be meeting shortly with management and employees in order to reach an agreement on daily hours which will be satisfactory to both parties.

Mr. Mackenzie alleged that the government's record was less than exemplary in improving the occupational status of its own women employees. In support of this, he selected some isolated statistics from 1981.

In fact, as I said in my opening statement, progress continues to be made in almost all of the areas addressed by the government's affirmative action program. The average wage of women in the service in 1982 was \$18,003, or 73.6 per cent of the male average salary. This is an improvement of 1.6 per cent in one year, and over 10 per cent better than the wage gap in the province generally.

In March 1982 the number of women earning under \$15,000 annually, had been reduced from 15,783 quoted by Mr. Mackenzie, to 7,370. That is an improvement of more than 53 per cent in one year.

The government's own affirmative action program has long been recognized as a leader, and we are continually modifying and refining it in the light of results and in response to a constantly changing socioeconomic environment. No one has ever promised overnight achievement of the objectives, but steady progress has been made and will continue to be made.

Mr. Mackenzie has described the progress of voluntary affirmative action as minuscule. In fact, while I readily acknowledge that more needs to be done, I think it is important to note that significant progress has been made in the numbers of women affected. It is this effect which should be examined and not, as Mr. Mackenzie suggests, the comparison of the

women's bureau employer clients with the total number of employers in the province.

That group of 166,000 includes even the smallest retail outlets where affirmative action programs would not be feasible. In order to ensure that the greatest number of women benefit from affirmative action strategies, bureau consultants have concentrated on the 900 employers with more than 500 employees. To date, it is estimated that approximately 265,000 women are covered by affirmative action programs.

Moreover, focusing attention on major employers has another important outcome. It is the larger, more sophisticated organizations which set the pace and determine the patterns for common business practice.

Mr. Mackenzie has also stated that he cannot accept the ground rules by which the wage gap is adjusted to allow for human capital factors such as education, experience, etc. I find it somewhat surprising that Mr. Mackenzie can disregard the fact and effect of occupational segregation.

Historically, women have received training, education and social direction which has limited their employment experience and expectations. In order to eliminate and overcome these limitations, the government has focused on the provision of equal opportunity for its own women employees, and for those in the private sector.

As I noted in my earlier remarks, studies conducted by this ministry and elsewhere confirm the fact that the job-ghetto phenomenon is the single most important factor underlying the difference in male-female earnings.

Mr. Mackenzie asked for my comments concerning the propriety of reductions in wages, referring in particular to a company called Greenshields Inc. I am advised that where an employer gives an employee notice that his wages are reduced, there are two courses an employee may take.

First, if the employee accepts the wage reduction by words or conduct, he cannot complain at a later time. Second, if the employee refuses to accept the wage reduction, and takes the position that he is entitled to leave his employment because the reduction is a material change in his employment, then he will be entitled to termination pay because he has, in effect, been constructively dismissed.

In either case, if the employer sought to make the wage reduction retroactive and was challenged, he would likely be found to have

breached the Employment Standards Act and the contract of employment.

The member asked me to apprise him of the recent data in respect to section 40: last-offer votes. The provision in question came into force in June 1980. Since that time, there has been a total of 58 requests for a last-offer vote. Thirty-seven such votes have been conducted, with the balance of the requests having been withdrawn. Of the 37 votes which have been conducted, the employer's offer has been accepted in seven cases and rejected in the remaining 30. If you require more detailed information, I should be pleased to provide it.

Mr. Mackenzie raised concerns regarding the fees currently being charged by arbitrators for grievance arbitration. I too want to ensure that the arbitration process remains accessible to all parties who depend upon it to resolve mid-contract disputes.

In recent months, there has been growing pressure from the trade union movement to regulate the fees of arbitrators. In order to make an intelligent decision on this issue, it is necessary to have all of the facts. To this end, the research branch of the ministry has conducted an extensive survey of the total cost of arbitration. The components analysed include the arbitrator's fees and expenses, legal counsel, staff member and nominee costs, and any other expenses incurred.

I do not intend to review the contents of this report in detail. However, I am prepared to release it to members of the committee this evening, and I would commend it to their attention.

What is particularly significant about these findings is that the arbitrator's fees generally do not represent the most significant cost to the parties. In the case of a board chairman, for example, the survey found that the average fee of approximately \$1,100 represented 44 per cent of the total cost of the arbitration proceeding.

Mr. Mackenzie has asked for a progress report on the implementation of the new Canada-Ontario employment development program, and has asked, in particular, how many jobs it has created to date.

As I announced in late December, the Canada-Ontario employment development program is operational and approved projects will be operating within a matter of days. Regrettably, we were unable to create jobs through the COED program before Christmas. I should point out, however, that Ontario has, through the \$50-million supplementary employment stimulation program,

a mechanism in place for immediate job creation. It is my understanding that this program did indeed create a few jobs before Christmas.

Returning to the Canada-Ontario employment development program, let me remind the committee that this is a \$200-million program, with an 18-month lifespan ending in June 1984. COED is designed to deal with the problem of unemployment insurance exhaustion, not just now but throughout 1983 and well into 1984.

While we are faced with an immediate unemployment insurance exhaustion problem, the Canada Employment and Immigration Commission projections indicate the problems will worsen through the second quarter of 1983. Distribution of projects should correspond to this distribution of exhaustees. Therefore, projects and program funding should be directed towards the second and third quarters of 1983. As many as 15,000 to 20,000 applications for projects can be expected over the life of the program, and up to 4,000 to 6,000 projects will be approved.

Obviously, some organization is necessary to deal with this flow of paper. Ontario Manpower Commission staff have developed streamlined administrative mechanisms for processing applications and promoting this program. Fortunately, the Ministry of Municipal Affairs and Housing was able to mobilize the project group assembled for the recent Board of Industrial Leadership and Development incentives program, so municipal applications can be processed immediately.

Ontario is taking advantage of existing provincial government mechanisms to promote the program, analyse and review applications and flow funding to sponsors. Although the Ontario Manpower Commission is ultimately responsible for administering the program, other agencies heavily involved include the ministries of Municipal Affairs and Housing, Community and Social Services, Industry and Trade, Northern Affairs and Natural Resources. It is my expectation that project applications will reach my desk for approval within a week to 10 days of their initial submission.

Our objective in this program is to assist those persons hardest hit by unemployment, by creating meaningful employment on worthwhile projects. It is our expectation that projects will create assets of value to the community or help communities to take advantage of economic upswings through infrastructure development. Ontario also hopes to reduce or stabilize munic-

ipal welfare rolls, thereby controlling provincial welfare expenditures.

It should be remembered that COED was designed to create employment using existing infrastructures in the community. The program is, in the final analysis, dependent on local sponsors to fulfil its objectives. The nature of local projects will determine, for example, the type of jobs offered by the program and the length of time they last. Some sponsors reacted as soon as initial allocations were announced on December 2, 1982, and have already brought forward innovative proposals. Other potential sponsors will take longer to respond. Metro Toronto, for example, has indicated it will not be approving projects for submission until February 18, 1983.

Having outlined some of the factors involved in implementing the COED program, let me move on to some of the things we have accomplished to date.

An initial allocation of \$50 million has been made to Ontario's 838 municipalities on the basis of actual and projected unemployment insurance exhaustees and welfare recipients. Proposals are under development and a major response is expected by the end of January. Allocations of \$25 million have been made to both private sector sponsors and to voluntary nonprofit sponsors. It is expected that these sponsor groups will take longer to respond with project proposals.

Further allocation of the remaining \$100 million will be made later this year, when further exhaustee data are available to assist in targeting. Allocation among sponsor groups will be the same as the current allocation.

Some applications have already been received and approvals made on 26 projects. That is 153 jobs and 4,570 work weeks at a cost of \$1.3 million. The rate of submissions is expected to accelerate over the next couple of months as public awareness of the program increases.

Mr. Chairman, that is the 30 minutes allocated to me. May I just give a very brief statement, less than a minute, to clarify some remarks I made at the last session concerning provincial funding commitments to job creation. The Treasurer (Mr. F. S. Miller) allocated \$171 million to short-term job creation programs in his May budget statement. That budget also included \$78 million for youth employment programs and \$5 million for co-operative forestry programs, bringing the total allocation at that time for job creation to \$254 million.

In November the Treasurer announced a

further \$50 million for additional short-term job-creation programs together with a \$100 million provincial contribution to the joint Canada-Ontario employment development program. That is a total commitment to job creation of \$404 million, and that does not include the BILD initiatives or the Ontario Development Corp.

Mr. Chairman: Thank you, Mr. Minister. I am not sure how the committee wishes to proceed. Do you want to discuss that?

Mr. Wrye: Mr. Chairman, I think we had decided—members may correct me if I am wrong—on Thursday night that following the minister's response, since there is no particular vote for Bill 179, committee members could engage in a bit of a dialogue with the minister on his position on this bill, not only as stated in his opening statements, but in his response to both opposition critics.

If you wish, we can put it under vote 2301, the main office vote, but that would be a starting point. That might also be an appropriate point to discuss the COED program, since we may never get to vote 2306, the Ontario Manpower Commission.

On vote 2301, ministry administration program; item 1, main office:

Hon. Mr. Ramsay: That is fine with me if Mr. Mackenzie agrees. Mr. Barry Rose of the manpower commission is here this evening.

Mr. Wrye: Perhaps we could start with Bill 179.

Mr. Chairman: I am sure we will get to all the votes. How much time we have for each vote may be a problem. Does the committee agree to proceed that way?

Hon. Mr. Ramsay: That arrangement, I believe, was decided by the committee on Thursday.

Mr. Chairman: Are you looking at any time limit on any of these votes further down the line, or do you just wish to proceed and see how we make out tonight?

Mr. Wrye: I am quite willing to proceed, Mr. Chairman, and see what happens. The clerk can correct me if I am wrong, but I believe we have 12 hours left at this moment. There is a lot of flexibility still built in. That is longer than most ministries' estimates.

Mr. Chairman: I always think there is until we get down to the last hour and then you are all mad at me.

Mr. Wrye: That will happen some time next week. I suspect we have the week in front of us.

If I could begin, Mr. Minister, you have spent some time in your opening statement and in your response, discussing Bill 179. I do not want you to breach cabinet solidarity or any cabinet discussions—I know you would not—but I am still really puzzled as to why, given the fact that Bill 179 affects 565,000 civil servants, union and non-union, you would not have allowed for truly free collective bargaining on noncompensation issues.

By truly free, I mean collective bargaining that could have led somewhere. I think you are well aware of what I am getting at. If I wish to collectively bargain a noncompensation issue and the employer does not wish to do so, that, in effect, is the end of it. I wonder why you would not have moved in that direction and what kinds of suggestions you might offer for what should happen during the control year.

8:40 p.m.

Hon. Mr. Ramsay: There were various scenarios between the time discussions began and the time the final decision was reached. As you correctly stated, I am not about to breach any cabinet solidarity, but it was decided that this was in the best interest of the overall program. I am not really prepared to go much farther than that.

Mr. Wrye: If I could ask you then, what is the ministry's estimate of the impact of this legislation? As you know, we wanted to have you before the committee which studied Bill 179. This is really the first chance we have had to discuss this with you. What kind of impact do you expect this to have in the years following the control year? The wages and compensation factor is limited to five per cent and there is really no free collective bargaining on noncompensation matters. What will be the impact of those controls in the years to come on your ministry, on your office of arbitration and a number of other areas?

Hon. Mr. Ramsay: Well, there will be increased activity as soon as the various groups have passed out of the five per cent year. However, I do not think we are going to find any heavy backlog or any disruption to the collective bargaining system at that time.

Mr. Wrye: You do not believe that the lack of collective bargaining in noncompensation issues will create, in effect, a backlog of demands?

Hon. Mr. Ramsay: There will certainly be a backlog. It would be ridiculous for me to indicate otherwise, but I do not see a backlog that cannot be handled expeditiously.

Mr. Wrye: This may not be under your purview but perhaps as the Minister of Labour, and as a minister who was involved in the decision on Bill 179, you can offer me an answer. A number of groups and a number of individuals who are earning less than \$20,000 have raised this matter with me. Let me use an example that will bring it into focus.

Somebody earning \$14,000 a year will receive \$750, which is the mandated minimum under the legislation. He has the right, as you know, to have that raised if the administrator of the hospital or school board or whatever does not automatically raise it to \$1,000. At what point would that appeal kick in? Do they have the right to appeal before the end of their contract? For example, if their contract were to end on March 31 and the administrator refused to invoke the discretionary \$250 on March 15, could an appeal be filed immediately?

Hon. Mr. Ramsay: We are checking that point right now. If you want to go on to another one, I will have the answer for you in a moment. Excuse me, perhaps Mr. Pathe could answer that.

Mr. Pathe: I am not sure there is a printed answer. I have not heard anything from my discussions with officials of the Ministry of Treasury and Economics. Common sense would dictate that as soon as the increase is determined, if the employee or the union is dissatisfied, that would be the time to appeal to the Inflation Restraint Board.

It would not make much sense, nor would it follow any of the practices which developed during the federal program, to make the appeal later on in the year for which the compensation has been negotiated. I do not know the answer. There may be some material on it, but I am not aware of any. My guess would be that the appeal would be made at the beginning of that compensation year.

Mr. Wrye: So it could be turned in immediately on the expiry of the old contract?

Mr. Pathe: As I read the bill, contracts do not expire. They are extended with the appropriate increase.

Mr. Wrye: I'm wondering if you can get me an answer on that.

Hon. Mr. Ramsay: Fine.

Mr. Wrye: It is important to a number of my constituents.

I realize I'm delving into a bill that was carried by the Treasurer, but you did have some input. I wonder if you can explain, from your perspec-

tive, what the difference was in mandating a five per cent increase for the—the number I have here is 423,000, although I think the material I received today would indicate it was maybe 435,000.

In any case, they mandated a five per cent increase for those 423,000 or so civil servants caught by the legislation who were unionized. For the remainder, some 132,000, there was an increase of between zero and five per cent. I might be accused of being cynical, but if I were an employer I might be inclined to offer zero. Why were the unionized and non-unionized public service employees legislated different increases?

Hon. Mr. Ramsay: I am afraid I can't answer that question. I have not had any discussions on that particular point.

Mr. Pathe: I have no answer either. One can speculate. The vast number of the non-union units are management, higher-paid units. I don't know whether that would be the reason. It certainly wouldn't be an answer for the low-paid, unorganized group.

Mr. Wrye: That's right. I am thinking particularly of those. It's unfortunate you weren't there because we had a number of witnesses before the committee, as those members who sat in on the discussion are aware, who, for example, work for nursing homes. Some are unionized, but many are not. They are at the lowest end of the scale.

While I'm not even sure I understand your argument at the top end of the scale, I certainly can't understand it at the bottom end. I am just wondering what actions, if any, the ministry intends to take if some non-unionized employees are offered a zero per cent wage increase, or will it be left totally up to Mr. Biddell to rectify any problems that may occur? I think you would agree that this might come as a very nice profit-making venture for some nursing homes, but it isn't going to do much for some of the lowest paid public servants in the province.

Hon. Mr. Ramsay: Mr. Biddell's office was set up to try to correct those inequities. I had very good intentions of daily reading the Hansard of the committee reports, but I found that with my other responsibilities, I just wasn't able to do it. I cannot elaborate any further on that particular point.

Mr. Mackenzie: Mr. Chairman, I intend to deal only for a matter of two or three minutes with Bill 179, and it can be done under the ministry administration vote. I want to deal

specifically with the minister's rebuttal to some of the things I raised.

Last Thursday, I took down—just jotted down very quickly—28 points I would like to get into. Today I limited it to three. Then I realized that with the minister's statement, the critics' response, the minister responding back to the critics in detail, and the hours that have been taken, we're really into the proverbial pissing contest and it just doesn't help us any. It's one of the things that's got to be changed if we're going to get to the business of the estimates.

One of the very first things you said in your statement was that Bill 179 was as fair as you could come up with in a short-term program, given the circumstances. I forget your exact words, but that was the note I took down. How in blazes is it fair when you only hit the public sector? While we were led to believe—even our own figures said so—that 500,000 people were to be affected, you've now told us that 565,000 are affected by that particular program. It can't be called fair when you've singled out and scapegoated one group of employees.

8:50 p.m.

You also said that the suspension of collective bargaining rights was not easy. The reason we were so angry and raised Cain was that—I'm not sure you have understood yet that what you were doing was about as fundamental as can be in terms of workers' rights—you were, in effect, ripping up signed contracts. You were denying basic rights that were won by a very hard battle over an awful lot of years. You were destroying any real effectiveness of organized public sector workers, particularly the arbitration provisions. I don't know how in blazes you don't see that as being a fundamental position that you were put into as minister.

One comment that rankled a little bit in your response—I understand your position but I reject it totally—was the charge I made that we had some serious morality questions of this ministry and of this government, to raise in Ontario. You probably took more umbrage with that comment in your statements on Thursday than just about anything else I raised with you.

I want to simply tell you that when we have more than 570,000 people out of work in the province, when we have the kind of transfers of operations without successor rights and without workers being able to protect their rights, even when they've got many years of seniority; when we have the kind of almost wholesale bankruptcies and receiverships and the loss of workers' wages—I think we'll be using another example

in the House of 102 plant workers who are out of benefits and wages; they spent some time today with us over what has happened in their plant, but it is happening daily in this province; when we have these kinds of situations; when we have a situation where—I'm not sure if my leader raised it in the House today or not—the May to December period in this last year shows a loss of 209,000 jobs in Ontario—we can break them down to manufacturing, agriculture, you name it, though I think there are two areas, public administration and finance, where there were very slight increases—when we have 209,000 more people out of work and the total short-term job creation under the Board of Industrial Leadership and Development program is 33,000, you wonder why we question the morality of what's going on in Ontario.

Forgive me, but I couldn't help but appreciate, when I went through my clipping service after you made those comments, that three of the first dozen or so clippings I pulled out of the file had to do with the recent bishops' statement. While I rejected or put aside most of them, there is one by the religion editor for the *Toronto Star* of December 31 that I thought was particularly appropriate.

It simply says: "The Roman Catholic bishops of Canada have issued a radical, blistering critique of current government and business solutions for the nation's economic crisis. Their criticisms and proposals for a new economic order are the most controversial political statements ever made here by a prestigious religious body in addressing the immorality"—it's not just me who thinks there is some real, serious immorality in what's going on—"of 1.5 million unemployed Canadians. The prelates go on to analyse and find wanting the basic principles of the current capitalist system."

The comment that I found interesting was, "What is at stake," they say, "is nothing less than a basic moral disorder in our western society which demands a radical shift in values." They go on from there at some length in some of the comments they're making. Let's make it very clear. It's not just this critic or this party that is suggesting there is something drastically and seriously wrong with what we are doing in this province.

I don't know who else has the responsibility to deal with this effectively, other than this government and other than this ministry, in terms of the labour end of it. You may not have liked the comments and the seriousness in which they were put, but I think the figures, the magnitude

of it and what is happening to those people out there, make it very clear that we have this kind of a problem.

While I could go into the other 20-odd points that I raised with you, I want to make that point very clear. From my perspective and from my party's perspective, that is exactly what this government, and your ministry as part of it, is facing. It does not take too much figuring to take a look at the 1981 figures and find that in Canada we had a deficit in manufactured goods, which is where the jobs are, of \$21 billion. It does not take much figuring also when you take a look at the deficit and the net payout of dividends, interest earnings, management fees, management agreements and royalties. We had a deficit of \$10.1 billion there in 1981. That is a deficit of \$31.1 billion.

We do have a surplus in the export of raw materials. Our credit was \$33 billion. That may be one of the last years we will have that kind of a credit in this country. We are looking at a highly capital-intensive economy. We ship out our raw materials, which cost money to put in place and which do not produce the jobs, and what we have on the other side of it is a fantastic deficit in manufactured goods and a fantastic deficit in terms of the payout of interest and dividends. That totally and clearly ties into our branch plant economy and the fact that we no longer own the basic manufacturing in this country.

I would love some answers to that. Those kind of figures are beyond me and I suppose are always subject to an oversimplification, but they also tell a very basic tale of what is happening. I think what the bishops have done is grabbed onto that and grabbed on to the more human side of what is happening to the 700,000 plus people in Ontario, or 1.5 million plus in Canada. They are asking where the moral leadership is. Where is the industrial policy? Why have you got the blinkers on in terms of what you are doing? I just cannot make that point any stronger than that. I wanted to come back to that one particular criticism because I reject your defence of it, and I stand on it very clearly.

Hon. Mr. Ramsay: I do not have any comment. As the honourable member pointed out, I started out with a statement, he responded, I came back and now he has responded again. We can continue that for the rest of the 13 hours, but I do not think we will be any closer to a solution than we are now.

Mr. Chairman: Is there anything else?

Mr. Wrye: I have one other question if I might. My friend raised it and I touched on it, but I did not really get to one of the points I wanted to make. I want to go back to those at the lowest end of the scale. You have referred to it a number of times in your opening statement. We will probably be touching on this more deeply on the vote on the women's program, but as you know, the vast majority of those at the lowest end of the scale in terms of provincial crown employees are women.

During the discussions on Bill 179 in the House, I believe you said that the application of Bill 179 in terms of male and female was neutral. There were some statistics put out which indicated that women, who already are earning only 72 per cent of what men earn in the public service—I grant you it is some 12 per cent higher than overall—will fall further behind. What is your view in terms of the \$750 and why might it not have been higher? Why couldn't you have used this control period to allow women to catch up and narrow the gap? Most of those earning \$15,000 or even \$20,000—85 to 90 per cent—are women. Why the \$750 figure?

Hon. Mr. Ramsay: I accept what you are saying, Mr. Wrye. It is difficult to argue the logic of your point. There would be some inequities in any control program and obviously this is one of them.

9 p.m.

Mr. Mackenzie: It clearly underlines the unfairness of it.

Mr. Wrye: I have one other question on the control program, just by way of information. Your government had a government-sponsored amendment on first-contract bargaining for newly certified unions within the control period. A number of groups had come to us and said that it would be very difficult to encourage new groups to join the public service unions during the control period because it would be next to impossible for the unions to really get things off the ground in terms of moving those newly organized groups ahead.

Does the government have, and have you made, any representations to the Treasurer to bring that amendment to the floor of the Legislature? I am well aware the Treasurer, even on the last night of the debate, wished to move ahead to, I believe, section 24, 25 or 26. I cannot remember exactly. Do you intend to proceed with that amendment to get it to the floor?

Hon. Mr. Ramsay: It is my understanding that they will not be proceeding with it. They had hoped to, but it was cut off with the limit on the debate.

Mr. Wrye: Having sat in the committee, I would be the last one to want to open that Pandora's box again, but I would ask you to take a look at that amendment and see if, in some discussions with the various House leaders and with the Treasurer, it might be useful to bring it forward. Certain parties in the Legislature are obviously unhappy with the legislation, but it is now in the books. If the amendment was that important, perhaps you might want to raise it with your colleague the Treasurer.

Hon. Mr. Ramsay: I will be happy to raise it with the Treasurer. I would be very surprised if he is prepared to open up that bill in any way at this time. I think you will agree with me, that it is wishful thinking.

Ms. Bryden: I, too, had great difficulty considering Bill 179 to be neutral towards women. Any percentage increase of a uniform nature does mean less money for the lower-paid people and there is no doubt there is a large wage gap. Also, there is no possibility of any catch-up bargaining under the restraint legislation to reduce the wage gap. I suspect that when the figures come out next year, the progress the minister talks about will be reversed; the wage gap will have grown. But we will not know that until the figures are out.

There is also the fact that no benefits can be negotiated during this period, which would assist women with specific problems they have in the work place. There was the need for day care, for further regulations from possible dangers from video display terminals and so on. Bill 179 is definitely sexist, even though the minister himself may feel he is not sexist.

I did want to ask a couple of questions about the study by the research branch on the effect of the restraint bill because I think some figures in there need a little elaboration. The report says that 432,669 employees covered by collective agreements are affected by Bill 179 and, of those, 51.2 per cent are female. The report also says that of this total, 13 per cent suffered actual rollbacks in their wages, or will suffer rollbacks in their wages because their collective agreements expire after September 30, 1983. It also says that the average rollback is about five per cent. If you look at the figures in here for the vast majority, it was from four to six per cent, which probably averages out to five per cent.

Of the 13 per cent who suffered an actual rollback—and that amounts to 56,000 people—how many were women?

Hon. Mr. Ramsay: Ms. Bryden, I wonder if I could ask Mr. Welton to come forward to the table. He is the gentleman who prepared those figures and did the research on them.

Mr. Welton: I cannot answer the exact question. Your question was, how many of the people suffering rollbacks are women? I do not have the answer here. We have not broken down the figures for each of those groups by sex. We would be able to do it and I can try to get the answer to your question, perhaps by tomorrow.

Ms. Bryden: That would be very interesting, I think, and it might contribute to the knowledge of how this affects women and whether it is more disadvantageous to them than to men.

The other thing I noticed in the report is that it states on page 4: "Table 6 suggests that more women than men may be in a position to gain some slight benefit (in comparative percentage terms) from the exceptions to the across-the-board percentage pay restraint levels in the act."

As you all know, there is a minimum or a floor of \$750 per annum for the wage increase under the restraint program, which is really the amount that one would get if one were making \$15,000. This statement suggests that more women than men may gain from that benefit. There is an additional benefit that anybody making under \$20,000 a year can get an adjustment, an increase of up to \$1,000, irrespective of the five per cent limitation, but the big weakness in that second exemption is that it is discretionary to the employer. The actual number of people who will benefit from that exemption will probably be very small.

In table 6 in the report, the minister has given us the wage distribution by sex for selected groups, and it covers Ontario Hydro, municipal hydro and provincial government. I am not sure whether it is the entire provincial government. It totals 54,846 employees.

Mr. Welton: That would be the people in the bargaining unit.

Ms. Bryden: The complete bargaining unit?

Mr. Welton: Yes.

Ms. Bryden: If you look at those figures, the first thing that strikes you is the great disparity in the total employment in these areas as between men and women. Ontario Hydro, for example, has 4,621 women and 28,000 men on

their staff. It seems to me that is an area where women are underrepresented.

Hon. Mr. Ramsay: I agree.

Ms. Bryden: Municipal hydro has 2,100 women and 5,000 men. That is, again, less than 50 per cent. I am not sure that very many women have tried to get on to the hydro crews that go out and hook things up, but certainly not all those 5,000 males are on the crews who get to go up hydro poles in those little cars.

The provincial government figures in this table show 29,400 men and 25,400 women. That looks more even-stein, but let us just look at how many are going to benefit from the exemption under Bill 179. There are 1,075 women and 118 men earning under \$15,000 per year. Those people can get slightly more than five per cent and can get a minimum of \$750. So out of 94,000 people in those three units, about one per cent can benefit from that exemption.

9:10 p.m.

There are an additional 28,000 people, of which 17,000 are women, who earn less than \$20,000 per year. They are covered by the discretionary exemption, where their employer could give them up to \$1,000. How many of those people are going to get this discretionary thing? Do you have figures on how many have been offered anything above the five per cent?

Mr. Welton: No, I do not. You are quite right, as I think you were saying earlier; the \$750 is certain but the \$1,000 is not. The point that is made in the paper there—the one you began by quoting—merely points out that there are more women under the \$20,000 category to be in a position to benefit from that. I agree with you, though, that there is no guarantee they will.

I do not have any figures and, to my knowledge, I have not seen any figures that would indicate that. Eventually, as a number of settlements are concluded, we will have some figures. We collect data on settlements that cover large groups of people, 200 or more in a bargaining unit. We do not systematically collect data on the smaller bargaining units. Many of the people to whom you are referring would probably be in those units, at least outside of the provincial government category.

At the moment we do not have that. They have assured us they are conducting a special survey ex post. I doubt there will be any data that would answer your question for the very small bargaining units. There are a large number of them and it is quite a big task, statistically, to collect that information. It is not collected

currently for those small units. I think we would have a line on an answer to your question some time in the future for the larger bargaining units, but probably not the small ones. I do not have any data right now.

Ms. Bryden: I would like to suggest to the minister that in the bargaining unit over which the provincial government has direct control, it might consider the desirability of trying to close the wage gap by allowing for this extra increase over and above the five per cent that is permitted under the law. I hope they will consider that.

Hon. Mr. Ramsay: I think they will.

Mr. Wrye: If I might, I would like to pursue two quick things. Number one is for Mr. Welton. When you are preparing the number of women as opposed to men who are affected by the rollbacks, I am wondering if you could also get data on union versus non-union civil servants. The base is about four to one in terms of numbers of civil servants who are unionized. I would like to see if that margin holds in terms of rollback.

As a second question to the minister—I do not know whether he has a response—have there been, under the regulations, any criteria developed to help Mr. Biddell in terms of the discretionary \$250, or is he going to be winging it on his own for the thousands of workers who will be applying for the full \$1,000?

Hon. Mr. Ramsay: I would think there have been criteria set up, Mr. Wrye. I am not aware of what they are, but I would be surprised if there weren't any.

Mr. Wrye: It will not be in the regulations?

Hon. Mr. Ramsay: As I understand it, there has been one set of regulations out thus far, but there could be additional regulations.

Mr. Welton: May I respond to the first part of your question? As far as non-union people and rollbacks go, I think it is very unlikely that there will be any. To be in a position where you are liable to be rolled back, you would have to be, by definition, in a situation where your contract or your compensation plan, or whatever, extends beyond September 30, 1983. I think that is very unlikely for the nonunion people. More likely, they would be under a sort of one-year reviewable plan where there may be a salary review on a specific date during the year. In that case, they would certainly be affected in terms of a future increase, but probably not affected in terms of a rollback.

Mr. Kolyn: We have been discussing the

unionized and non-unionized public sector. Have you any figures on what the small business people are giving by way of wage increases in light of these difficult times?

Hon. Mr. Ramsay: We certainly have. We are working on an address that contains information of that nature, which I will be pleased to share with you. I am not sure whether it is broken down into small businesses or not.

Mr. Welton: As I said earlier, we do not, as a matter of course, collect information on small bargaining units that are covered by labour contracts. Traditionally, the ministry has collected and still does collect information for the larger bargaining units with 200 or more people. They comprise the bulk of employees covered by labour agreements, but they do not comprise the bulk of the businesses that are organized.

There are over 8,000 collective agreements in Ontario and between 4,000 and 5,000 turn over each year. As you can imagine, it is quite a daunting clerical task to collect detailed information on wage settlements if we do not draw the line somewhere in terms of the size of bargaining units.

In the past, we have taken the view that by zeroing in on the large ones, we get a fairly good idea of what general wage trends are in the economy. Unfortunately, it does not permit us to answer questions such as how big a difference there is between settlements in the small units and the large ones.

I would add one thing though. We have recently been attempting to get some of that information for those cases where our ministry is involved in terms of mediation and conciliation. They may not be a typical group of small businesses, but we are at least able to get some information from that source. We do not systematically canvass on a regular basis small businesses that conclude agreements in direct bargaining or perhaps are not unionized and administer compensation.

Hon. Mr. Ramsay: Mr. Chairman, I believe that Mr. Pathe is able to provide a little information in this respect for Mr. Kolyn.

Mr. Pathe: We have some numbers which represent averages in those cases where there was conciliation or mediation assistance at the time of the settlement. We have them separated into private and public sectors. In the private sector the average percentage increase for settlements without cost of living allowance in September was 8.3 per cent. That was a sample of 68 settlements. In October the average for a

sample of 64 settlements was 9.3. In November it was 7.8 in 75 cases.

I have the corresponding numbers for the public sector. They are averages of 10.6 for September, 9.4 for October and 8.4 for November. Again, those are only a small sampling of settlements. They would be fairly small businesses.

Mr. Kolyn: That would be 100 employees and less?

Mr. Pathe: No. A lot would be 200 and less.

Mr. Kolyn: We hear about the larger settlements, such as what Chrysler Canada employees attained in their recent strike, but it strikes me that we seem to be having a lot of problems in the small business sector. I was just wondering, with all of the problems that the small business sector is having, are they able to maintain the percentages without really hurting their production?

9:20 p.m.

Mr. Pathe: It would appear that they are down from what they were earlier in 1982 and certainly from 1981. We are also seeing some settlements which represent no improvement, the status quo, some with cost of living allowance, some without. It is a very volatile situation, there are some quite high settlements, some quite—

Mr. Kolyn: It depends on the individual company's position at this time.

Mr. Wrye: Just by way of a supplementary question, would the settlement to the medical profession fall in the private or public sector, in gleaning those second-quarter figures?

Hon. Mr. Ramsay: I don't think those figures are in yet.

Mr. Martel: They are running at only four per cent.

Mr. Mackenzie: I am sure Mr. Pathe must be aware, if you were talking to most of those who are negotiating today, that the other thing that is happening is there is hardly a contract opening—I think out of roughly 60-odd locals at the last area council meeting of the Hamilton Steelworkers, there were about 18 of them—but where the companies really were asking for cutbacks. The minute they opened it, that was the basis they opened it on: "We want wages cut back or we want benefits given up."

It has become standard in negotiating. I got it again today at a meeting at the Ontario Federation of Labour from several of the unions. You have certainly had the effect you want with the restraint legislation. You have given them the

club that they are using on the private sector and they are using it in a very big way.

Mr. Chairman: Any other questions? I don't know where we are at. Are we at vote 2301?

Mr. Wrye: On the same vote, I would like to turn to another matter, with your indulgence Mr. Chairman. I do not really see a spot that we could get into. Perhaps it goes under the manpower commission program, but I think this is a little wider than the manpower commission since the minister is the line minister on the COED program.

One of the concerns that has been raised in my community, and I am sure it's been raised in other high-unemployment communities—Sudbury, Brantford, Oshawa and the like—has been the basis on which the first \$50 million was handed out, a combination as I understand it of population and unemployment exhaustees.

Why population was used when certainly there are exhaustees in Metro Toronto—and I don't mean to denigrate Metro and certainly there are exhaustees in Ottawa and I do not mean to denigrate Ottawa. But the situation in Windsor, the situation in Hamilton, the situation in Sudbury and other such communities is absolutely critical with huge numbers of unemployment exhaustees who are just piling on to the welfare rolls. My friend the member for Scarborough West (Mr. R. F. Johnston), in the concurrences on the Ministry of Community and Social Services, I believe, raised some of those numbers.

Why would you reduce the full impact of the program by using population as a criterion when two of the largest population centres are those which have been, by the statistics I've read, two of the least buffeted by the problem?

Hon. Mr. Ramsay: Mr. Wrye, I'm going to ask Mr. Rose in a moment if he will respond directly to that particular section of the criteria, but let me remind you that allocation was just the first \$50 million. The municipalities were encouraged to come in with projects greater than their allocation and thus far several of them have. In fact, I am aware my own community had a figure of \$550,000 and they have already identified an additional \$137,000 on top of that. Other communities are in the same situation, so they're not being held back in any event. The criteria are flexible, and Mr. Rose can tell you the thinking behind the population criterion.

Mr. Rose: The basic allocation was made on population combined with the actual numbers of unemployed, and this is where we get into

those figures of numbers unemployed as opposed to the rate of unemployment. When one compares the rate of unemployment one will find that Sudbury, for example, has a rate of unemployment that is substantially higher than that of Toronto, yet in absolute numbers 22 per cent of the unemployed people in Ontario today reside in Metropolitan Toronto.

What we tried to do on the first allocation was to take a combination of numbers of unemployed, plus population, and make a first notional budgetary allocation to the municipalities.

I think the minister's comments are interesting. The first 12 projects that came into the Ministry of Municipal Affairs and Housing were from fairly small communities that had been allocated about \$2.5 million; in fact, the projects came in at around \$5 million. If they are good projects, they are probably going to get funded.

So municipalities shouldn't feel that they are being inhibited by the fact that they've only got an allocation of, say, \$400,000 or \$500,000, when in fact they maybe have a project that merits \$700,000. It was just an opportunity to make that initial allocation.

As we get better data from the unemployment insurance commission with the evolution of exhausters we can then make further allocations early in the spring. It is very difficult now. We don't have the data base we would like from the Canada Employment and Immigration Commission. They have assured us they are going to develop it. As the minister mentioned earlier, I think they've made an estimate of exhausters at the rate of around 15,000 to 18,000 a month.

There again they're not sure how many of those people who exhaust their benefits, in fact, re-enter the labour force in other occupations, withdraw temporarily from it, live on savings or have other members of their household who are actually working. So we're dealing with a rather difficult situation.

Mr. Wrye: Have you received any indication, Mr. Rose, in breaking down the additional 15,000 to 18,000 exhausters per month, that that will be done on a community basis as opposed to giving you a lump figure of 15,000 to 18,000?

I speak of the community I come from, where the unemployment problem has been very prolonged. One need only look at the huge increase of 100 per cent plus over the last two years in the number of those on the welfare rolls, 35 per cent in the last year alone from a figure that we considered staggering back in December 1981.

Have you been provided with any indication

that you are going to get a breakdown on a community basis as to where those new exhausters are going to be landing? Are they going to be landing in Windsor, or are they going to be landing in Oshawa, or are they going to be landing in Metro Toronto?

Mr. Rose: We hope Canada Employment will be able to provide us with data by local Canada Employment centre area, so, for example, in Sudbury, where there are three CECs—there are two in Sudbury and one in Chelmsford, for example, or down in Windsor, I think there is one in Windsor and another one, certainly, in the county. The actual data on the exhausters will be based upon that area that the particular Canada Employment centre serves.

You mentioned the people on welfare. Of course, one of the reasons the municipalities have been given an initial allocation of \$50 million plus a further \$50 million is that we felt they were a good body to work with, with Canada Employment, in identifying employable people who were drawing welfare. Certainly a major part of this program is to alleviate the municipal tax burden by taking employable people who are on municipal welfare and working with local municipal welfare agencies and Canada Employment, and seeing that these people are referred to the jobs that are created under the program.

So we're looking to a matching and a fit between the two groups of people through co-operation at the local municipal level.

Mr. Wrye: If I can pursue this and a couple of other areas, first of all, I understand there are some differences between the provincial and federal attitudes as they pertain to the length of time that these exhausters will spend in the projects that are approved.

The federal government, as I understand it, has indicated it wishes only to get them enough time to requalify, whereas the provincial position has been that, once they are on one of the makework projects the municipalities are going to come up with, they will stay on it. Is that true?

9:30 p.m.

Hon. Mr. Ramsay: I'm having difficulty listening to two conversations at the same time.

Mr. Wrye: Turn to my conversation again. Elie will get his chance on the morrow.

Hon. Mr. Ramsay: Actually, they were talking about exactly the same thing as you were, the COED program.

Mr. Wrye: Elie can have a supplementary.

Mr. Wrye: Elie can have a supplementary.

Mr. Chairman: I'll see if I can get the minister some order here.

Mr. Wrye: It went much better with Phil Andrews on Thursday.

Mr. Rose: On that point that was raised with the minister, I think both the province and the federal government have set a minimum of 12 weeks and a maximum of 52 by agreement. I think we're both looking to achieving the same objectives.

One of the spinoff benefits to both the province and the federal government, of course, is that if someone completes the project and does requalify for unemployment insurance, not only are they into another income-support system, but the fact that they're on unemployment insurance makes them eligible for other programs—for section 38 of the Unemployment Insurance Act, which means they can then go to work at an enriched benefit. It enables them to participate in section 39 training programs. I think they are back more actively within the local Canada Employment centre's job-search, job-placement activities. There are certain advantages in requalifying for benefits.

Certainly both ourselves and the federal government are in step in seeing, basically, job creation being part of maintaining skills, maintaining the individual's self-worth and these other objectives of the program. I don't think there is a dichotomy between our views and theirs.

Hon. Mr. Ramsay: I might make this comment: I think there has been an excellent atmosphere of co-operation between the federal government and the provincial government. That has helped to get this program off the ground in a very positive way.

Also, Ontario is far ahead of the rest of the provinces in that several of the provinces have yet to sign an agreement and are still negotiating with the federal government. While some of the problems being experienced at the beginning have been overcome it will also be of assistance to the other provinces when they get their programs under way. They'll be able to benefit by the experience of Ontario.

Mr. Wrye: Is it fair for me to speculate that as the program goes forth the province may change the criteria from the present criteria of wages, population and unemployed or exhaustees and that you may take another look in the latter part of the program towards those communities on a percentage basis?

I appreciate your comment that 22 per cent of the unemployed in Ontario are from Metropolitan Toronto, but that probably represents a lower proportion than the number of 2.5 million or three million, which is about 28 or 29 per cent of the people who live in Ontario.

Hon. Mr. Ramsay: As I said, there is certainly a real feeling of co-operation and there has already been a flexibility within the criteria that, frankly, I didn't expect at the beginning. I think we have been able to adapt to certain situations and we will be able to continue to do that. I don't have any hesitation in saying that at all.

Mr. Wrye: I say that in the knowledge that the other job program the province has put in place is under the Board of Industrial Leadership and Development. I believe BILD provided \$50 million allocated for universities, colleges and the like, if I am not mistaken.

In my look at the criteria that have been applied by the different ministries, a number of them have followed the criteria you have in the early part of the COED program to the municipalities. Some haven't even done that. I would point out the hospitals, where the vast majority of money—in fact all of it, so far—has gone either to Metropolitan Toronto hospitals, which got a third of the total money available, or the Niagara Peninsula which got the remainder.

There doesn't seem to be a sensitivity yet developing within your ministry in applying the program to the very real problems of those communities which have had very long-term, prolonged unemployment leading to huge numbers of exhaustees. It's kind of a catch 22. The increased numbers of people who come off the unemployment rolls and on to the welfare rolls put a further squeeze on those municipalities which, because of failed businesses and property taxes not being paid, already have a significant squeeze of revenue on them.

I would say, and I'm sure your colleagues from those areas would agree—I guess the minister is from one of them—those municipalities would like you to understand that there's a very real need to have some distinctive targeting. I don't want to sound anti-Toronto or anti-Ottawa or anything, but there is a real crisis in some of the communities which have been hardest hit in this province, a lot over the last few months. Sudbury is another one.

Hon. Mr. Ramsay: One other item that might be of interest to you in this respect, Mr. Wrye, is that there was criticism at the beginning of this program that it probably would not catch the

perienced tradesmen, the carpenters and others of this nature, the people who could take supervisory roles and so on, and that we would be left with a lot of unskilled labour. That hasn't been the case at all.

Unfortunately, there is a lot of skilled labour on the unemployment rolls. A good percentage of the money will be used on these programs, to the benefit of the programs.

Mr. Andrewes: Just as a follow-up, I appreciate your comments that there are in many municipalities, in many areas, a number of skilled people who are on the unemployment rolls and who are probably in the category of having their benefits exhausted or who are nearing that point. I can't help but feel that the whole program might be in a degree of jeopardy if some flexibility is not shown in the program to allow meaningful, creative projects to take place.

Projects, particularly in the private sector, that are not going to be undertaken because of a downturn in the economy, because of various and sundry reasons, might be undertaken if there was some flexibility shown in that program so the exhaustee, and perhaps his colleague who was fortunate enough to maintain employment throughout this period, could work together on a project, so you don't disrupt the normal labour patterns. You don't put the onus on a contractor to go out and hire a whole lot of new people when he's still got a skeleton workforce.

Hon. Mr. Ramsay: And he has still got people laid off.

Mr. Andrewes: Yes.

Hon. Mr. Ramsay: Yes, I know what you mean. I think we are working towards that type of flexibility. Mr. Rose, would you like to comment?

Mr. Rose: Yes, I would like to add to that, if I could.

The key here is that the private sector is putting up the 50 per cent contribution as well. I think we're envisaging that that 50 per cent contribution might be in material, might be in their more skilled labour, it might be in their supervisory staff, etc. That contribution would come and therefore the \$400 per week wage subsidy would go to the person who he employs who has exhausted benefits or comes from municipal welfare.

In fact, we're looking right now at some very interesting prospective projects with the private sector. I think this program, in many ways, is

just the impetus to get, we hope, some of them launched.

Mr. Mackenzie: In line with the same question, the approach to the municipalities strikes me as being a good one in terms of, at least, immediate projects and job creation and having some idea of what's going on in their particular area.

What I am wondering is, under these various votes, under the ministry's administration program—and Mr. Rose may have touched on it, I'm not sure—is there anywhere in there, or is it part of the responsibility of the ministry, to take a look at the broader and longer term issue, as I see it, of things like import replacement, or self-sufficiency, or what private sector industries we should be taking a look at in terms of long-term job creation?

Is that something that is strictly Industry and Trade, or the Treasury, or is there an element of that at all in the ministry administration program or in any of the votes there?

9:40 p.m.

Just a moment or two ago I looked purposely at your analysis and planning, and didn't get the impression it was there, except where you do a little bit of talking about microchip technology. I should like to know if that is one of your areas in which there is some investigation going on.

Hon. Mr. Ramsay: Yes, there is an element of that within the Ontario Manpower Commission. As far as the COED program is concerned, we are strictly administrators, but as far as the Ontario Manpower Commission is concerned, there is ongoing work in that respect. I think Mr. Rose can elaborate for you.

Mr. Rose: The commission is mandated with advising the government on manpower programs and policies, and to that extent we have a responsibility, certainly with respect to manpower, to try to forecast the needs of the labour market and make sure that we can identify those skills that might be in short supply, those skills that might be in surplus, so that the necessary training can be undertaken.

We also put a considerable amount of effort into assisting businesses, small and large, in undertaking manpower planning on a one-, two- or three-year time frame, so they can, first, bring that discipline or skill to their particular enterprise, and then, second, the results of that planning can be fed back to us or through the local CITCs, community industrial training councils, in the communities, so that the community

college or the industries can train to meet what are identified as future manpower plans.

I think that, on the broader issue of industrial strategy, etc., we look on that as primarily a federal government one. When one gets into actual industrial sectors, I think that there's been an emphasis on short-term, as opposed to longer-term, job creation because I think it is assumed, correctly, that the federal government has the overall responsibility for the economic development of the country.

Mr. Mackenzie: I think that is what bothers me. I don't see a heck of a big increase in the budget. I really think it is more the smaller ones, in terms of the manpower department.

I also do understand that Industry and Trade or the federal government have the major responsibility here. I'm not sure, however, that just identifying and working on skills, as important as it is, and I do not downgrade it, is going to help in resolving what I see as the very basic and much longer-term problem of finding out where the hell we have gone wrong in getting into such a fantastic deficit position in manufactured goods.

That may not be your criterion. I was really just wondering if you are taking a look at that. It seems to me it is almost like the chicken and the egg. If we do not take a look at that pretty quickly we're just guessing at some of the retraining skills that are needed.

Hon. Mr. Ramsay: Mr. Chairman, could I respond to Mr. Mackenzie?

My original statement, beginning on page 80, says in particular on page 82, "The commission has taken a leading role in the development of a co-ordinated provincial job creation strategy through the examination of current federal and provincial policies and programs, development of program delivery mechanisms, liaison and co-ordination among provincial ministries and agencies, and negotiations with the federal government." It goes on in considerable detail, I think, in response to the concerns that you have raised.

The Vice-Chairman: Are there any further points?

Mr. Mackenzie: Do you want to move each item or do you want to move the vote?

The Vice-Chairman: I take it that completes vote 2301, item 1, does it?

No, you have more?

Mr. Wrye: I have one other issue under vote 2301 that I want to raise, and it's the handicapped employment program. The minis-

ter spent a little bit of time, on pages 147 through 152 of his report, on handicapped employment. Further back, on page 111, you kind of sloughed off what I think is really a devastating report: "A background report entitled Employment and the Physically Handicapped in Ontario was released earlier this year and an employment strategy will soon be produced."

Later on, on page 148, you indicated there's a task force of employers and the disabled, and you said in your opening statement, "We also wanted to re-emphasize our support for voluntary action in the private sector and government's continuing commitment to the objectives of the International Year of Disabled Persons."

In the light of your opening statement and of the report that came out in, I believe, January of 1982, Employment and the Physically Handicapped in Ontario, which was done for you by the Ontario Manpower Commission, how much longer are we going to have to wait before we get a study or some kind of a report which will give us an employment strategy for rectifying a problem where, in 1980, the labour force had an unemployment rate of 6.9 per cent and the disabled had a rate of just under 30 per cent?

I am really appalled by those numbers, and I think we've waited long enough for an employment strategy. Maybe you can help us as to when we are going to get one and what kind of initiatives you are looking to pursuing.

Hon. Mr. Ramsay: The deadline we have on that is June of this year, Mr. Wrye.

Mr. Wrye: What kind of strategies are being looked at?

Hon. Mr. Ramsay: I shall ask Mr. Ignatieff to respond to that. He's been working very closely in that respect, along with Mrs. Pigott.

Mr. Ignatieff: Mr. Wrye, I should perhaps say that it is difficult for me to comment, because the strategy is being developed under the manpower commission. Perhaps, however, I can describe for you some of the initiatives that are under way that, I think, are going to contribute to our overall policy response on that important issue.

The minister referred to the Pigott task force, which we expect to report to the minister within the next month or so. It was expected a little earlier, but they ran into some ill health in some of their authors. That report is expected imminently, however.

I should perhaps say that the mandate that

group has is to look at the ways in which the private sector can encourage, more than it has, the employment of the disabled. They were enthusiastic and positive about the kind of response they received from the representatives of the private sector to whom they have been talking over the last five or six months.

Mr. Wrye: You are referring to the task force?

Mr. Ignatieff: Mrs. Jean Pigott's Employer Task Force on Opportunities for the Disabled.

The manpower commission has been undertaking a series of program evaluations of the current activities that are under way in the government, to promote employment, to help analyse what is presently undertaken and conclude from that what, optimally, the government should be doing in the future.

Those evaluations are now under way, including programs in the Workers' Compensation Board, the Ministry of Community and Social Services, and our own handicapped employment program, which is a very active group.

Those various components are expected to be ready within the next two or three months. They, in turn, form the sort of raw material on which the manpower commission will then be deliberating and coming up, as the minister said, with a strategy by late spring and/or early summer, somewhere around June.

Mr. Wrye: Are you telling us that the manpower commission's strategy will flow out of the Pigott task force?

Mr. Ignatieff: No, they are independent initiatives, but I think that will certainly be useful material, for the minister and for the commission both.

Mr. Wrye: In the light of his opening statements and the comments that have been made on the Pigott commission, may I remind the minister by reading from the summary of this report, which is now a year old, the following two sentences, which seem to fly in the face of positive employer attitudes? Indeed, I would welcome the contrary if it were there.

The summary of the report states: "Positive employer attitudes and government support efforts were not widely credited with facilitating employment. Most employed persons expressed a reliance on their own skills and abilities."

9:50 p.m.

Hon. Mr. Ramsay: Excuse me, Mr. Wrye, but that is really the reason the Pigott task force was set up, to try to break down those barriers, to try

to break the opinions and set ways that many employers have.

I have been tremendously impressed with the performance of Mrs. Pigott in this task force. She is a born missionary, there is no doubt about that, and she has been able to get access to the chief executive officers in many of the largest companies across the province and has been able, by whatever means, to gain their support and their enthusiasm. She is doing exactly what the task force was intended to do, and that was to sell the idea.

Mr. Wrye: That being the case, do you have any updated figures as to what has happened with the unemployment rate for the disabled, understanding that the unemployment rate, which was about seven per cent in 1980, and I guess that was an average over the year, is now averaging around 12 or 12.5 which is our situation today? Has it moved up on the scale to where it is today in the 40s or has it maintained a level around 30?

Mr. Ignatieff: I should say two things. One is that I think the answer to that, unfortunately, is negative. One thing perhaps is worth nothing. The figures that are used, on which that report that you have from the manpower commission was based, were as a result of a rather unique in Canada study that was undertaken by the Ministry of Health and various ministries. We also were involved in the steering committee. It was a special sort of survey of a variety of issues affecting disabled people, including employment and unemployment. It was, unfortunately, a one-shot effort to the best of my knowledge. Ms. Earle might be able to confirm this.

There is no mechanism in place for resurveying that control group. About 3,000 people were involved in the initial survey. When it was conducted, I think it was one of the most thorough to be done in Canada. I am not aware of any regular data from the Canada Employment and Immigration Commission, for instance, on the unemployment of disabled people. That is a problem for planning and targeting.

Let me just say one thing to clarify. I may have left you with a misapprehension. In terms of the response that Mrs. Pigott has run into, and I think Barbara Earle would confirm the same thing about her experience on a regular basis with our handicapped employment program, while the attitudes of employers are frequently positive as to what they would like to do and their general level of interest, the present economy certainly is affecting disabled people to no less extent than other people.

Mrs. Pigott is talking at a sort of general level of interest and about the kind of ideas that employers have to work together to create, for instance, community councils or new mechanisms for promoting employment. She, too, has noted to me in private conversations the difficulty of employers in actually providing jobs at this moment, and I think that has been our experience in the handicapped employment program, that it is a very tough time to actually find opportunities for people at this moment. I am sure the figures are unacceptably low.

Hon. Mr. Ramsay: Mr. Wrye, this is a very important subject and I am wondering if you would mind if I asked Ms. Earle to come forward and just briefly outline the pilot project that is going on in Hamilton. I personally am quite impressed. I have been over there and taken part in part of that. It might be of interest to every member of the committee.

Ms. Earle: The Hamilton project has been a joint initiative of the Ontario March of Dimes and the Ontario Ministry of Labour. It began in August 1979 and ran through to August 1982 with a plan that this was a developmental period, not that it would be the end of activity. It focused on several major areas, one of which was to try to develop amongst the employers in that community an interest and involvement in activities within their own companies to increase disabled employment, particularly employment opportunities. They were looking at removal of systemic barriers, setting in place positive personnel practices, doing such things as an analysis of the physical demands of their work, a review of physical barriers within the work place, an outreach recruitment to the local agencies to increase the awareness in the community of available job opportunities.

As well as that, one of the things that we had become aware of was that many factors outside of the actual employer premises affect the employment of disabled persons in so far as the employer may have to rely on external advice to render the premises accessible or may resort to medical or other health professional opinions as to the fitness of an individual to work or may approach social agencies for job placement or for the provision of aids. A variety of services, in other words, that are community-based and local are important and there is a fairly broad involvement of a variety of government services and voluntary agencies and other groups within a community that play a role at this time in employment opportunity.

One of the objectives of the Hamilton project

was to examine how these various local support services or groups function in the promotion of employment opportunity and to rely on the development of community solutions to any perceived problems. That has been the major focus, and at this point we are just undertaking an evaluation which will assess the various results in each of the major areas of activity.

Hon. Mr. Ramsay: Mr. Wrye, I would invite you or any member of the committee to drop in to the handicapped employment program offices and talk with Ms. Earle and her people. I think it would be quite an experience for you. I know it has been for me.

Mr. Wrye: I was just wondering if you have any interim results. You said you are assessing now the impact of this study which ended, I believe, in August or September of last year.

Ms. Earle: In August 1982, but the actual initiative has not ended, just the model-building aspect of it. The initiatives are ongoing and have formed a basis for our own program activities in various communities across the province. What we do have is a report prior to the firm evaluation report, which is a report of the activities of that project and which we would be glad to send to you or any other members who would be interested in having it.

Mr. Wrye: There is a second project, a joint grant through your ministry, Community and Social Services and Ottawa—I am quoting from your statement—"to develop a model of co-ordinated placement services." Is that along the line of the Hamilton experiment or project?

Ms. Earle: This is particularly in relationship to their co-ordination of a single-window job placement service within the Ottawa community. We are in the process of making a similar grant to the community council in Hamilton to explore a model that would correspond to the needs of that community, but the Ottawa grant was specifically in relation to job placement rather than the broader set of issues associated with that.

Mr. Wrye: I note that under this vote, and I may be misreading the numbers—I am not sure—that there are grants to organizations for promotion of improved labour relations, health and safety practices and employment opportunities for the handicapped. I am looking at one figure, \$187,500, and then at a second one, \$177,500. They do not appear to be substantial amounts of money being poured into, even on an interim basis, attacking a problem that is as prevalent as the one that the manpower com-

mission reported when it came up with a figure for the handicapped, an unemployment rate which is more than four times higher than the overall rate in Ontario. The suggestion has been made that it really has not got any better.

Hon. Mr. Ramsay: Mr. Ignatieff has a point he would like to make on that.

10 p.m.

Mr. Ignatieff: I am not sure precisely what you're quoting, but I think it's probably particular grants. The overall budget of the program is a considerable one of \$680,000. I'm not sure what we're looking at, but it may simply be one of those technical items which refer to—

Mr. Wrye: That was a figure on page R-79.

Mr. Ignatieff: I'm not sure what proportion that is. Mrs. Burak perhaps could help us in indicating what proportion of that total of \$187,500 is for the handicapped. Of that particular figure, it might be a small amount, but that isn't by any means the total budget for the program, which is nearly three quarters of a million dollars.

Mr. Wrye: Let me go back to this and ask you to give us some indication, Mr. Minister. What I appear to be hearing is that you have done some pilot projects and you have a task force under way and an employment strategy which is being worked on. I might say my own prejudice, and it is not necessarily mine, based on what the manpower commission has found, is that we will continue to attack this problem, which is, I think you would agree, a very difficult one and yet one which cries out for some solutions and some very concerted attack through voluntary means. Has the government given any consideration to an attempt by the government, for lack of a better word, to attack the problem of the unemployed who are handicapped with an affirmative action program? Has any thought been given to that?

I remind you of the comments of those who have jobs saying that positive employer attitudes and government support efforts were not a meaningful part of their getting the employment they now have.

Hon. Mr. Ramsay: I think that could be best answered by stating that I hope some of those answers are in the report I will be receiving. Certainly there is no problem, no hesitation at all on my part as far as the priority of this program is concerned. I am anxiously awaiting the recommendations of the report.

Mr. Wrye: This study is now in your hands

and I have seen it as far back as last April or May. It is now a year old and we have now taken another year. I wouldn't want you to take actions which would be precipitous, but at the same time we are into 1983. Do you expect to have some initiatives ready in terms of a response for the fall?

Hon. Mr. Ramsay: I would hope so. I don't like making promises that we can't keep. You start out every day with good intentions of what you're going to do that day, as you do, I'm sure, and you find at the end of the day you haven't got around to it because of just putting out the day-to-day fires. I can assure you from a personal point of view that I share your concerns. I had some personal relationships in this area before entering the political field and I feel very strongly about it. I am very hopeful of being able to make some positive contributions in this respect.

Mr. Wrye: You're right, we all do end up the day with too many things on our lists that haven't been crossed out because they haven't been done. I would think that for too long we have left undone the problems of the physically handicapped in terms of employment opportunities. It's a matter, it seems to me, of the highest priority.

Hon. Mr. Ramsay: I agree.

Mr. Kolyn: Mr. Wrye brought up the point that the handicapped have a rate of four times the amount of unemployment of regular unemployees. He said 30 per cent who were disabled were without jobs. What does that translate to in the number of persons? Percentages to me seem to be a way off for some reason or other. I can't relate the general population to the handicapped unless I know how many handicapped we have and how many of them are unemployed.

Ms. Earle: Approximately five per cent of the population would be considered to be handicapped, with a further five per cent being considered physically impaired, which would still constitute a significant disability but of a lesser degree or with fewer multiple problems. That's the size of the population on which this projection would be based.

It only includes those who are actively seeking employment or who could be considered work-force attached, which means that this figure of unemployment would underestimate those who would not be work-force attached.

Mr. Wrye: Again, from the manpower study, which perhaps would be helpful, the participa-

tion rates are almost the same between handicapped and nonhandicapped. It's slightly lower for handicapped, 62 per cent to 67 per cent. The working age population of handicapped is 257,000, with a labour force of 160,000. You're looking at an unemployment figure of close to 50,000 out of that 160,000. It's a very significant unemployment rate, and that was two years ago.

Mr. Mackenzie: I just wonder if the ministry has done any rethinking at all of the suggestion we have put forward a number of years running, that you do consider a quota for the handicapped. While I don't profess to be totally enamoured of the idea, I am also pretty convinced in my own mind from my dealings with a number of unemployed handicapped that it's probably the only way you will effectively deal with it.

I know it has been the ministry policy up to now not to consider that approach, and I'm just wondering if there has been any rethinking or a discussion of that position at all.

Hon. Mr. Ramsay: It is one of the things that the manpower commission is looking at.

Mr. Mackenzie: Is it actually taking a hard look at the question?

Hon. Mr. Ramsay: I understand that's the case, yes.

Mr. Mackenzie: Would that simply be a recognition, finally, that it may be the only way you deal with an extremely difficult problem?

Hon. Mr. Ramsay: I'm not going to touch that one, even though it is laid neatly.

The Vice-Chairman: Any further questions on vote 2301?

Vote 2301 agreed to.

On vote 2302, industrial relations program:

Mr. Wrye: I want to take a lot of time on this vote. There are a number of issues I want to talk about. I think I would start first with the office of arbitration because that is most closely in mind in view of the private member's resolution that came forth in the House last Thursday. I regret that the minister was not in the House last Thursday. I would have liked to have seen how he would have voted on that resolution. I noticed that you were here that evening, but obviously you were tied up in business that afternoon.

However, you have a special internal committee looking at the arbitration process. Perhaps you could fill us in on the kinds of things they're looking at and when that report is going to be made available to you.

Hon. Mr. Ramsay: I would like to ask Mr. Pathe to comment on that.

Mr. Pathe: We have a labour relations review committee made up of people from my division and other divisions of the ministry, and that is one of the matters which is being looked at. It's not a very easy matter to deal with. Some of the things which are being suggested, having to do with criteria and other matters, may well go to the root of the continuing acceptability of the process. There is a fair bit of work to be done but we're not very deeply into it at this point.

Mr. Wrye: I find that a little strange in that the internal review is at least three months old since the minister referred to it in an article on October 25. Do you have a time frame or are you just suggesting to me that the internal review does not have a great deal of urgency?

Mr. Mackenzie: You mean you have had it for only three months?

10:10 p.m.

Mr. Pathe: That is right. We have been fairly busy in recent weeks with other matters, which may come as no surprise to you, not to mention estimates.

There is no time frame. It is a difficult issue. It is one that will require very careful consideration, and we are in the very early stages.

Mr. Wrye: You said you are looking at criteria.

Mr. Pathe: We have been asked by different interested parties that criteria be looked at, so that is one of the things. We are looking at the whole process of interest arbitration and reviewing the way the process has been operating.

You will appreciate that not all of the interest arbitration in the province falls under our ministry. A portion of it falls under the Ministry of the Solicitor General. We have a pretty good handle on what goes on in the portion we administer under the Hospital Labour Disputes Arbitration Act, which in terms of the other areas seems to work with varying degrees of success.

My view is that if we have to have compulsory arbitration, and we have that policy in this province, it has worked reasonably well. We are doing things, and have been for some time, to try to make it work better. I chair a committee in the hospital industry made up of senior members of labour and management, and they have been looking at the process in terms of their collective ideas as to how to make the process operate better and they have developed a consensus. That consensus, though, has to do

with the process under the present system. There is no consensus for making fundamental change to the way that those interest disputes are resolved. That consensus has to do with time limits, training of arbitrators, a larger roster of arbitrators and those kinds of things.

Mr. Wrye: You referred, and correctly so, to the fact that your ministry does not deal with all arbitrations. There has been an ongoing concern with the arbitration system as it pertains to the Ministry of the Solicitor General. I realize I am on the wrong vote and the wrong ministry, but just as a point of information, does that review take in just the gamut of Labour or the arbitration system as it involves all of the ministries?

Mr. Pathe: My view is that we would advise our minister of any conclusions which we reach and presumably the minister would speak to the ministers.

Mr. Wrye: I was reading a very interesting discussion that occurred before the Association of Municipalities of Ontario this past August and I was trying to find the material in which Dr. Kenneth Swan of Queen's University, in his discussion with the panel, said: "Your report goes on to make a number of recommendations. The first of these is where you recommend that compulsory conciliation, mediation or other nonbinding intervention be employed before continuing to binding arbitration." He said: "I think it is a wonderful idea. The experience in a number of sectors is that the use of third-party, nonbinding techniques for dispute resolution can assist in settling a large number of disputes which should never go to arbitration."

In terms of that overall review, is something such as compulsory conciliation or mediation—

Mr. Pathe: As you are probably aware, we have compulsory conciliation under the Labour Relations Act and that applies to parties bargaining under the Hospital Labour Disputes Arbitration Act. About a year ago we changed our policy to this extent. Prior to that, parties could go through compulsory conciliation. If there was no settlement, the minister would write to the parties, as is required by the act, report no settlement, and that was the trigger for it to go on to arbitration.

We still do that, but now when it has reached the office of arbitration and the board is established, the nominees have been named and the chairman has been agreed to or has been appointed, there is usually a period running

anywhere from a month to three or four months before the board actually sits to commence its hearings. During that period the office of arbitration refers the file back to the mediation service and the director of conciliation and mediation appoints a mediator or the conciliation officer who was on the case earlier takes the file and makes another attempt.

Our experience has not been overwhelmingly good, but there have been settlements at that stage. But there is already, to answer your question, compulsory conciliation. I do not know what Dr. Kenneth Swan was referring to, probably the fire and police matters.

Mr. Wrye: Yes, I am sure it was. That is why I am saying there is a difference between the way the practice leading up to and including arbitration—

Mr. Pathe: There has been another very good development in terms of hospital bargaining and arbitration, and I think it will continue. That is that there is now almost total centralization on a union-by-union basis. For example, CUPE represents employees in something like 74 hospitals and almost 70, as I recall, agreed to bargain centrally. Almost all of the hospitals that bargained with the nurses' association for the nurses did the same thing. In the service employees' union there are two groups, the southwestern Ontario group and the remainder of the province. These groups bargain now by consensus, by agreement, centrally.

What happened in 1982 was interesting. The parties met, worked out the terms for centralizing and consolidating the bargaining, and then came to see us. With us present, they agreed to a timetable for bargaining face to face, direct bargaining, conciliation, and set a date by which time if there was no settlement they would trigger the arbitration mechanism. They appointed their nominees to the board of arbitration and in some cases agreed to an arbitrator but in others asked the minister to appoint. So the board was established really before the negotiations began and then they were to go all through this timetable.

It did result in a negotiated settlement in the—no, it did not; it went to arbitration, and there was an earlier than usual arbitration settlement and the service employees won. I hate to say this, but had it not been for Bill 179 there would have been, I think, a more expeditious settlement, both in the CUPE negotiations and in the nurses' negotiations.

Mr. Wrye: On that—and I do not have any

statistics but from just remembering a number of complaints that have come to my office; as a matter of fact they were raised with me before I got into politics—about the time lag in terms of arbitrations, I think one of the things you are aware of is that very often workers and employers who cannot resolve their differences and choose that blunt instrument find that one of the very frustrating things about arbitration is that it drags out the dispute for an incredible length of time. There really is a morale problem and a demoralizing effect in the work place as these disputes go on for months on end.

Other than with this initiative, has there been a reduction in the time taken by arbitration?

Mr. Pathe: There certainly is a dramatic reduction in the time when the parties agree to a timetable and stick to it. We have seen good examples of that. It cuts the time by probably 50 or 60 per cent, maybe more. There is still difficulty where the parties bargain hospital by hospital or nursing home by nursing home, and the delay is always, almost invariably, caused by the tight schedules and difficult itineraries of the parties.

10:20 p.m.

You will appreciate that the board is made up of three people. So they have to work out something that fits the chairman's schedule. Most times the nominees are people who spend a good deal of their time on boards of arbitration, so it is not unusual to find them with their earliest available date three or four months after the appointment. They are, however, people who are acceptable to the parties, and the tendency is to wait for your nominee or the chairman of your choice even if it means a little more time.

For our part, Jean Read, the director of the office of arbitration, monitors them. Where there is a delay appearing, while there is no statutory authority for this, we do prod them. We phone them and say, "What's going on? The nominees have been appointed for six weeks, and we still haven't heard whether or not you've agreed to a chairman," that kind of thing.

Then when there is a chairman, but we have not heard that a date is set, Miss Read or her staff will call the arbitrator and say, "Is there a date set? What's going on?" We do our best to prod them, with some success, but there are still cases which do take quite a long period from the time they are referred to arbitration until the award is actually handed down.

Mr. Wrye: What is in place to move the parties along? One of the quite specific complaints I received was from a hospital in Windsor where the employer took an abnormally long time—I am being kind in describing that—to appoint its nominee. I believe the case virtually went to court. It was all that the Ontario Nurses Association could do to get a nominee out of the employer. That dragged that one case on for three or four months, never mind the third party, never mind the chairman, just to get the employer and employee nominees in place.

Mr. Pathe: I would be interested in looking into that case, if you could give me the name. There are occasions, not terribly frequently, when one side or the other will refuse to appoint or will be very slow in making its appointment.

Mr. Wrye: There are no statutory requirements?

Mr. Pathe: There are some statutory requirements. I do not recall precisely what they are.

We work very hard, whether it is a union or an employer that is a little lax in nominating, to get them to do it. We are very strongly of the view that if the appointment is made by the minister, that takes away from the acceptability of the board. It may be that in some cases we are a little more lenient than we should be. We had been criticized severely by management because we did not appoint on the very first day that we might have done under the legislation during the CUPE dispute that resulted in the strike in early 1981. We did, however, work very hard to try to get CUPE to nominate, on the theory that if they have their person on that board, the whole process is more acceptable than if it is a ministerial appointment.

It is very infrequent that one of the parties refuses to appoint. I would be glad to look into that case.

Mr. Mackenzie: In view of the efforts that have been made for some time to centralize, or almost gradually move to province-wide bargaining in the hospital field, I was wondering if the deputy had any comments on what the potential for regionalization would do, in a kite-flying way, where they had to take local economic circumstances into consideration. That was one of the points made in terms of the resolution that was presented to the House last Thursday, I believe.

Mr. Pathe: I am not familiar with that, but I can respond to the first part.

Mr. Mackenzie: The resolution in the House was that a committee be set up, but I gather the

minister's position is that the internal review should be the procedure. Unfortunately, that resolution did pass, whether it means anything more than kite-flying or not. It suggested a permanent panel of arbitrators with tenure as one of the conditions to be looked at. The second one was that obviously there would be tighter guidelines on what the arbitrator could rule on, only on evidence actually presented at the hearing, and taking into account local economic considerations, which I think would be devastating.

Certainly you would put an end to the efforts to end up with province-wide bargaining, or at least you would seriously hamper it, which you now have going on in the hospital field.

Mr. Pathe: As we look at the whole thing, and I have spent a fair bit of time with labour and management in the hospital industry looking at what might be done to expedite the process, one thing becomes very clear. You can't have very firm mandatory time limits for arbitration unless you have either a pretty firm assurance that the parties will continue to voluntarily consolidate bargaining or unless you require it by legislation.

Take the nurses' bargaining. There are 130-odd hospitals that bargain all to the same expiration date with the Ontario Nurses Association. If they were bargaining separately and we had firm requirements whereby we had to have an arbitrator or a board in place within 30 days of the expiration date if there hadn't been a settlement, that would be practically an impossibility. You couldn't do that if you had 130 hospitals bargaining separately and, in theory at least, all going to arbitration separately. There are not enough arbitrators. There are not enough nominees. There are not enough people that argue arbitration cases.

My own view is that if there is to be a tightening of the mandatory time limits, there will have to be, one way or another, a centralization of bargaining.

On the second point, as one who has spent a fair amount of time in various collective bargaining situations, both where the right to strike exists and where the ultimate sanction is arbitration, I am very concerned about continuing the level of acceptability that I think compulsory arbitration has in this province. I would be concerned that too heavy restrictions placed on an arbitrator would render the whole process much less acceptable.

Mr. Mackenzie: As you probably know, I have reservations about compulsory arbitration at any time, but I accept that it is one of the ways

of life and there are some unions that will use it in Ontario. That's why I was appalled at that suggestion in the resolution before the House. It would have exactly that effect. You would have some real problems in this province if it ever came about.

The other point I wanted to ask you was what, if anything, are we doing, or do you have any ideas that you can share with us here in these estimates, in terms of trying to find a better approach to the difficult, straight anti-union managements that we run into still to this day? Whether there is an acceptance or not, what is going on today at the Irwin Toy Ltd. deal is appalling. What went on for months before we finally reached settlements at a number of other major strikes that are now past history was appalling. There has to be some procedure where there is a little more clout in your department where it becomes obvious this is the route we are on, particularly a new contract deal. If we're not going into first agreements, there has to be some way to give some ability to deal with that kind of management on the part of the workers.

I would hope it's one of the areas where there are some discussions going on because yours is the part of the ministry that I would think would have to deal with that, if you are looking at it at all.

Mr. Pathe: I have been on every Labour Relations Act review committee since 1974. I was on the one that started its work in 1974, which resulted in the comprehensive amendments to the act in 1975. If I recall, the theme of those amendments was protecting the right to organize. In that set of amendments the requirement for certification was reduced, as you will recall, from 65 to 55. The board was empowered to issue interim certificates where a delay was taking place over a dispute about the composition of the bargaining unit. The onus was reversed in complaints of unfair labour practice where the employer was required to establish the reason for the discipline or the discharge. There were a number of things done at that time.

More recently, there was the bill which brought about the compulsory checkoff because the checkoff was becoming the sort of focal point of first-agreement disputes. In administrative terms, Ray Illing, our director of conciliation and mediation, and I have for some time worked at beefing up our effort in first-agreement negotiations, recognizing that in these the parties have to negotiate a complete agreement,

not simply amendments to an existing one. We do not have a perfect situation and, to my knowledge, neither do other jurisdictions.

Let me also make this other observation, as someone responsible for the mediation exercise. The people involved in mediation have to be extremely careful to maintain acceptability. We have had almost a total turnover in staff since 1974, but I would like to think that our recruitment and training and the calibre of the people whom we have enabled us to maintain a very high level of acceptability with labour and management.

If we are asked to become the enforcers of the law, we will lose that very quickly. I, for one, and I think my people also, are quite comfortable with the concept as it is now structured, that the enforcement of the act really is with the labour relations board. If there is an allegation, no matter how strong the act is, that it is being violated, there has to be someone to make that judgement and to enforce it. Under our system it is the Ontario Labour Relations Board. I think it has worked well. It is not perfect.

Mr. Mackenzie: I am not disputing that we have—and it may surprise you—some confidence in the staff and know that a hell of a lot of

effort is put into some of these. It seems to me, though, that there is still a real serious problem. It seems to be in specific cases and usually where the decision has been made to make sure there is no bloody union in there.

Mr. Pathe: Yes.

Mr. Mackenzie: I am just wondering if there is any particular thinking—I am not sure if it is enforcement, as you say, or if it is the board. It seems to me there has to be some role that the ministry plays in those most exceedingly difficult situations over and above what we are doing at present because it is the workers who lose in those, and they are long, bitter and costly to everyone involved.

Mr. Pathe: It is a very difficult problem and is not one we are ignoring. It is one that is discussed in our review committee quite frequently, but we do not have any more answers at this point.

The Vice-Chairman: Thank you, Mr. Mackenzie. We will stop at that point and adjourn until tomorrow at 8 p.m. when we will continue with vote 2302.

The committee adjourned at 10:32 p.m.

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Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Tuesday, January 25, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Tuesday, January 25, 1983

The committee met at 8:09 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2302, industrial relations program:

Mr. Chairman: We will call the meeting to order. We are on vote 2302. Did you have a couple more questions, Mr. Mackenzie?

Mr. Mackenzie: Not at the moment.

Mr. Chairman: Mr. Mancini.

Mr. Mancini: Thank you, Mr. Chairman.

Mr. Chairman: We are delighted to have you here at the estimates, Mr. Mancini. It is the first time you have graced us with your presence and we are delighted to have you. I want you to know that.

Mr. Mancini: Thank you, Mr. Chairman, I am delighted to be here also. We usually get to see you in the House. By the way, are you feeling better?

Mr. Chairman: Yes, I am feeling fine.

Mr. Mancini: I just want to touch on a few things under vote 2302, the industrial relations program. I recently had the opportunity to work fairly closely with the people involved in this program. In a way, it is unfortunate that I had to work with them because that meant I was involved in a labour dispute. It is unfortunate in that regard because all labour disputes cause bad feelings, hardships and problems after the strike is concluded. Anyway, I have now had the opportunity to work with these people.

That is not saying I have not used the services of this department before. There have been several other strikes within the constituency of Essex South, where I have called upon the ministry to provide my constituents and myself with information and assistance. Generally, being fair, I have to say that the ministers—Mr. Ramsay and his predecessors—have been pretty fair and pretty quick to respond to the requests made. I think the record should show that.

The most recent problem we have had in the Essex South area centres on the Allied Chemical Canada Ltd. strike—I guess they are now known as Allied Corp. since they changed their name—and UAW Local 89. This strike has been

on since the middle of November. Several weeks ago, Mr. Minister, with your assistance and through your conciliation and mediation office, Mr. Ray Illing was able to come down to Amherstburg and work with both parties. He achieved what was then thought to be an acceptable agreement.

However, it has since proved that the agreement was not acceptable and, as of this date, is still not acceptable. In my view, the contract offered by Allied Corp. to the members of Local 89 will not be accepted unless personal financial difficulties force the workers to accept the contract or the corporation makes a move from its last offer. That in itself would probably end the strike. From what I can see, nothing is happening at present.

I should say one more thing. After the tentative contract was achieved with Mr. Illing's help, Mr. Rick Murray, the chairman of the negotiating committee, wanted me to inform you that he was quite pleased with the services Mr. Illing provided. He thought the work done at that time was quite good. So I am relaying to you what has been asked of me.

As I said earlier, we are in the tenth week now of this strike. It is a crippling strike to the workers because they are losing wages that they will never be able to recoup, and also to the company. I'm sure the company is suffering something. They must be losing some money or there must be some damage being done to them in some way or some manner, as well as to the community. Once 525 people are out on strike, it may take the community several weeks to feel it, but after nine or 10 weeks, I would say the community does start to feel it, especially the workers themselves.

It kind of makes one wonder what other services we can provide to the parties who find themselves in this position. Although I agree the mediation and the conciliation services have proven to be very good in this specific instance, it just doesn't seem right for me, as the member, and for you, as the minister in charge of industrial relations, per se, and for the rest of us just to kind of sit around and hope the strike will be settled soon.

There should be something else we can do.

I'm at a loss as to what we could recommend—some type of binding arbitration maybe, if both sides would agree to it, or something along that line. I am wondering if the minister has any thoughts on that, because 10 weeks on strike is a long time.

Hon. Mr. Ramsay: Any work stoppage, Mr. Mancini, is a serious matter and considered as such by our conciliation and mediation services. Each one is unique in itself. There are problems that are different in each particular case.

As you know, Allied Chemical has had two votes now. The second vote, which was taken just last week, was also turned down. I would like to ask Mr. Pathe if he would comment on the background and possibly some of the history of the situation. Mr. Illing is also here this evening. He may wish to call on Mr. Illing as well.

Mr. Pathe: Mr. Illing might provide a better insight, but let me make a comment on Mr. Mancini's question. What do you do when a strike has been on for a number of weeks and it is damaging to those involved—the company, the employees and also the community—and there appears to be no imminent sign of a settlement? That's the same kind of question that was asked in Sudbury during the nine-month strike at Inco Ltd. There are others that are very similar in nature.

The reality is that you have to make judgements as to the timing of a mediation attempt, particularly in the private sector. Having made the attempt, particularly in a case like Allied Chemical, where the attempt was successful to the point there was a signed memorandum which was then rejected by the membership, another attempt too soon after that usually does more harm than good. You have to allow a little time to elapse to allow the parties to come to terms with the seriousness of the dilemma they're in.

With regard to your one suggestion, binding arbitration, I suspect both sides would immediately agree that they wouldn't submit the dispute to voluntary binding arbitration. I would think the union and the company would be equally adamant about that. There is the odd occasion when we can persuade—and we have persuaded some parties—to negotiate as many issues as they can and submit the remaining ones to binding arbitration.

The one that comes to mind was the janitors' strike at the Sault Ste. Marie Board of Education a few years ago. That was the solution found after a five-week strike when the schools

closed. That is the exception rather than the rule.

8:20 p.m.

It's even more difficult in a situation where there is a trade union like the United Auto Workers. It has a long tradition of settling most of its disputes without any third-party intervention. Only in cases like Allied Chemical do they welcome mediation. They have very strong views about how they conduct their bargaining and how they deal with certain situations.

Ray Illing, who is here tonight, has been in touch with Buzz Hargrove, the assistant to Bob White, as recently as today. Maybe we would get an update from Ray.

Hon. Mr. Ramsay: Mr. Mancini, while Mr. Illing is coming up, perhaps I could just share a personal thought with you. One of the most difficult things I have had to learn since being Minister of Labour is patience. Mr. Mackenzie, who was experienced in this area before he got into politics, will understand what I am trying to say. Any time there is a work stoppage, I feel we should move in right away, get our top people in there and get it settled, particularly in times like this when the economy is so bad.

I have learned by experience and by the guidance of Mr. Pathe, Mr. Armstrong, Mr. Illing and so on that it just doesn't work that way. Sometimes you can move in quickly; other times you have to wait, be patient and wait for the right opportunities. It's a difficult lesson to learn, but it's one that I am beginning to get a little more accustomed to. Maybe Mr. Illing can follow through on that.

Mr. Illing: Thank you, Mr. Minister. I have spoken to Mr. Mancini a few times on the telephone. It's a pleasure to be here and to be able to talk to you about this dispute personally.

Mr. Mancini: Thank you, Ray.

Mr. Illing: The phenomenon—if I can call it that—of membership rejection is always a difficult occurrence to deal with because you're not dealing with a committee any more. The membership, obviously, has the final say. When you convene a meeting, the committee members are the only people you have the opportunity to meet.

In this particular meeting that was convened both parties were very co-operative. A tentative settlement was reached and an agreement signed. We were very fortunate to have the second top man of the UAW in this country, Mr. Buzz Hargrove, working with us. He did not attend the ratification meeting because the member-

considered the national office to be interesting in some way.

In any event, after the rejection we had to consult both parties to know whether or not it is advisable to immediately intervene again. Both parties agreed that was not the right step to take. It certainly was our view that it wasn't. We felt that a certain time should be allowed for the union to do its thing, to try to create a climate in which to go back and have another membership vote. Another vote was held last Friday, I believe. Unfortunately, there was another rejection.

(Since that time, I have spoken to the company representative and Mr. Hargrove. We're not going to sit for an indefinite period. In fact, we hope to convene a meeting, if not later this week, early next week.

Mr. Mancini: What type of meeting are you suggesting?

Mr. Illing: A mediation meeting. I think it may be necessary to come up with some different terms this time. There is one thing I would like to say. When membership rejection does occur and there is a situation where a management and union committee have agreed on acceptable terms, it is extremely difficult to extract any major change from the company.

You said a moment ago that the terms are not acceptable to the membership. While that cannot be denied, in this case I think it will be necessary to try to find some different terms for the membership, to give the union an opportunity for a third vote. They will have to be different in some way.

I have to caution that it is not expected there will be any major change in the monetary terms. I do not know whether you have a handle on what the main problem is because it is terribly difficult to get a handle on it. I understand it may be due to a dismissal that took place after the settlement was reached. There was an assault on a supervisor and the company saw fit to dismiss the person responsible for that assault. The company, however, informs me that prior to the second vote, it did agree to arbitrate that matter. So it is going to be difficult even to mend that situation.

Mr. Mancini: I have some comments to make about that, but I just want to get back to the meeting you may have this week or next. You are referred to it as a mediation meeting. Are you talking about full-scale negotiations again on the outstanding issues?

Mr. Illing: I would not want to put that terminology to it. I think negotiations after a settlement is the point I was trying to make. Usually, no negotiations take place in the truest sense. One tries to shuffle it around a bit. You are dealing with two groups of people who have said, "These are acceptable terms," so you are not likely to come up with a major change.

It is a full-scale mediation meeting, inasmuch as I am asking both committees to meet with me again next week, but I do not like to hear the term "negotiations" applied to it because there will not be any major negotiations in my view.

Mr. Mancini: I understand why the membership rejected the initial agreement that was made. It has been conveyed to me in pretty clear and strong terms. I also clearly understand the thinking and psychology behind the reasons. If we are going to have more mediation, it is going to have to include new bargaining because I personally think we hit the low point with the 61 per cent rejection that took place last week.

On the matters concerning the outstanding issues, yes, dismissals were a concern. There were actually two dismissals. The next major concern is the fold-in of the cost of living allowance. The membership feels that if the cost of living allowance is not folded in, they may be in danger of losing it somewhere down the road.

I do not know if that is possible. I do not know if anyone can give them any assurance that it is not possible. It has been a historical and a traditional thing that has always been done there. They view it, rightfully, as their money. They view it as just receiving it earlier than what was previously the situation.

If you are going back for mediation, I do not know how a settlement is going to be mediated unless these matters are addressed. After someone has been on strike for 10 weeks—and it appears to me that these concerns were major all along; at least that is what I am told—I do not know how we are going to have a quicker settlement if they are not addressed.

As far as binding arbitration goes, I realize binding arbitration isn't any good unless both parties agree to it. It would be foolish to force it on anyone. I can understand what Mr. Pathe was saying earlier. I think you have a tough job ahead of you.

8:30 p.m.

Mr. Illing: Without getting into techniques—I am sure they would be out of place—let me say that I know the COLA fold-in is a problem. It

would be my endeavour to see if one can get the company to do a little more because that is always of some assistance towards a settlement. You will remember that the company can ask the valid question, "If we do, does that get us a ratification vote?" No one can give them that assurance; they have been rejected twice.

Mr. Mancini: In all fairness, though, they were rejected twice on basically the same contract.

Mr. Illing: Yes, but some technique has to be devised to give the company some confidence that if they do something more, such as agree to some COLA money fold-in, it will get them a settlement. Our purpose would be to try to give some confidence that that can be attained. As you said, it is not easy.

Mr. Mancini: I would like to ask some more questions. Although these questions do not directly fall under this vote, they relate to what happens under this vote during a strike and what takes place during a strike and all of these things. I will try to stay in order if it is possible. If you feel I am straying a little bit, Mr. Chairman, let me know.

Mr. Chairman: It will be the first time this committee has ever strayed from a vote.

Mr. Mancini: I know this committee has quite a strict reputation and I would not want to damage that reputation in any way.

As you know, many things that happen during a strike have a great effect on whether or not the strike is going to end. These may be policy questions; I might have to pose these to the minister. One of the things I find most difficult to deal with during strike situations is the present system which allows the courts to make so many decisions and have such an impact on the strike. For example, this corporation seems to be able to go into the courts so quickly and receive injunctions to limit this and to do that and set up barriers here.

They are able to limit pickets right away; they are able to allow goods and equipment and people who are referred to as strikebreakers in right away. It seems very awkward to me because if this was being done by the Legislature, we would have the minister to turn to. The policy seems to allow the courts to handle all this.

Most of these injunctions are received here in Toronto; lawyers file petitions here in Toronto and it serves as an injunction in Amherstburg. We are 250 miles removed—and I do not know how many psychological miles—from the situa-

tion, and all of a sudden you wake up the next morning and the whole face of the strike changed; pickets are eliminated and the companies are allowed to do certain things to keep their businesses operating.

These things are extremely damaging to industrial peace. They have a very negative effect on the specific strikes. It sets up a psychology where it creates a lot of adversity and it makes Ray's problem harder. I am just wondering if you have any opinions on that.

Hon. Mr. Ramsay: Mr. Mancini, I do not have any immediate opinions on that. I think I got the inference that you feel those types of questions should be settled by the minister. I am not quite sure I would welcome that sort of responsibility. I am going to ask Mr. Armstrong to comment on that. He had a long and learned career as a lawyer in the field of labour law and was a past chairman of the Ontario Labour Relations Board. With all that experience behind him, I think I may be able to comment on that.

Mr. Armstrong: It was a long career and was also quite a long time ago. The law of injunctions has changed somewhat over the last eight or 10 years and it would be improper for me to comment on the Allied Chemical situation. I am not intimately familiar with it in terms of any limitations that may exist on picketing activities.

Generally, peaceful picketing to communicate information can take place without restriction. When it becomes either not peaceful or something more than the communication of information—the blockage of the passage of people in or out of the plant—that gives rise to an injunction application.

My impression—and this is only instinctive—the number of applications for injunctions in labour disputes before the courts is much smaller now than it was when I was practising. It used to be that every Friday was injunction day in my practice. We were scurrying around defending against injunctions. Because of certain changes in the Judicature Act eight or 10 years ago, it is much more difficult now to get an injunction in a labour dispute for a variety of reasons, which will not go into now.

Mr. Mancini: I think it is important that you tell me a couple of those reasons. I am being very truthful. It seems injunctions are handed out—I would not want to say without any thought because I would not want to accuse the judges of that—as routine. I think "routine" is

proper word. At least in the circumstances I witnessed, they certainly were routine.

Mr. Armstrong: I can give you a couple of general observations on the changes to the act. The practice of getting ex parte injunctions in labour disputes, for example—the technique whereby the company went in without the presence of the other side and got injunctions for three days or 48 hours—is virtually gone.

Another change to the Judicature Act is that to get an interlocutory injunction, you have to show that the police are incapable of controlling the situation. That is perhaps the most important substantive change that has occurred. In most cases, it is a very difficult component of the case for the employer to meet.

Mr. Mancini: When you say the police are incapable, what are you really saying? Are you saying the judge feels that pickets have to be limited because the police force is not big enough?

Mr. Armstrong: No. In order to meet that condition in the Judicature Act, the person seeking the injunction has to file affidavit evidence from a police officer to the effect that they are having difficulty controlling the situation. That is a change that was made eight or nine years ago. I think it is reflected in the statistics. This could be checked out. I am sure some branch of the government, likely the Attorney General's, would have the information. I am relatively sure of the fact that the incidence of injunctions in labour disputes has gone way down.

You are talking about a strike at Allied Chemical. I am not familiar with the form of the injunction or the extent of the limitation on picketing in that case.

Mr. Mancini: It is quite severe.

Mr. Armstrong: I accept what you say. In my experience, that is very much the exception. Mr. Pathe would be familiar with the major strikes that have occurred around this province in the past year. I think it is a very exceptional circumstance where you find picketing limited in a strike situation in Ontario. I do not know what happened at Allied that would have given rise to the application or to the decision of the judge.

8:40 p.m.

Fifteen years ago, when the Rand report came out, and the Krever report before that, the frequency with which ex parte injunctions were being granted and the ease with which they were being granted was a matter of some concern to

the trade union movement. I think it is fair to say—I would have to check this—that in the annual briefs we receive from the Ontario Federation of Labour the injunction issue is not an issue any more. I do not think it even finds its way into the annual OFL brief.

That does not mean there will not be some situations which cause some local unions and some MPPs, like yourself, concern. Even if I knew the facts in Allied Chemical, it would be improper in these proceedings for me to comment on the wisdom or otherwise of what the court may have done there.

I can remember being on the receiving end of injunctions—ex parte and others—where I thought—as one always does when one loses a case—the limitation the judge placed on picketing, one or two per entrance, was unduly harsh and did not enable the union to communicate its message to suppliers, to the general public and to its own members to the extent that it was entitled to do so.

As a former labour lawyer, I have a very clear recollection of the sense of frustration and of unfairness which arose when one got what was regarded as a bad decision in an injunction case. I can remember that. What I am saying is that I did not believe that it was that big a problem in the 1980s.

Mr. Mancini: In the third or fourth day of the Allied strike, motions were made immediately and the pickets were limited to four at each of the two gates, from what I understand. They have 525 workers. It just seems to be very severe in my view and it was done very quickly. I am surprised that you are telling me it is not a problem in Ontario because it is a problem in the area I represent. From what I have seen since I have been a member of the Legislature, since 1975, it always has been a problem. I have never seen it different.

The other policy matter I wish to talk about is the problem of strikebreakers. This practice makes Mr. Illing's job very difficult when he gets into these mediation deliberations. I am one member who has cosponsored legislation against strikebreakers; I know other members of the House have done the same or have introduced legislation to do the same. With your labour experience, you probably know how much difficulty and consternation this practice inflicts upon everyone involved.

To be out on a legal strike, limited to four pickets to a gate, and watching people zoom by without even slowing down, going in to do your job, especially when the law has been followed

and you have your meetings and everybody is given notification—you have set a strike date, the letter of the law is followed and the first thing the workers see is that someone else is going in to do their work. I just do not know how we expect to have labour peace if something as fundamental as that is not eliminated from practice.

Mr. Illing talks about having an agreement made with the two negotiating parties, but it is difficult when it gets back to the membership and is rejected. These things I'm bringing up, in addition to the outstanding complaints, all have a large psychological impact on the people who are voting for that contract. If they believe that they've been screwed since day one, they're going to react, and I don't really blame them. It's only normal. I don't know if this came up during your negotiations or when you were mediating the matter, but it was in the back of everybody's mind.

Mr. Illing: Certainly in the case of Allied Chemical, the fact that the company has continued to operate the plant doesn't help the situation one iota.

Mr. Mancini: I'm not complaining about the operation of the plant. The members do not object to the supervisory personnel working in the plant because they realize that it is a chemical plant and that the operations must continue at some minimal level. In addition, if the plant does shut down, it will be shut down for several months.

They do not object to the supervisory personnel who are being forced by the corporation to do their jobs. What they object to are all of the other outside contractors and people brought in by helicopter and zoomed in by vans and things like that. I don't think they have any objection concerning supervisory personnel.

Mr. Illing: So for the purposes of your question to the minister, the reference to strike-breakers means people outside the employ of the company?

Mr. Mancini: That is correct.

Mr. Illing: I had no knowledge of that, Mr. Mancini, that jobs were being carried out by by supervisory personnel.

Mr. Mancini: The situation is not that way and the work is not carried out in total by the supervisory personnel. As the minister knows, we had a death there during the strike. Although we knew immediately who the person was, it took several days, if not more than a week, to

find out who the person was employed by. That certainly does not help the situation either.

It's these things that make industrial relations and the jobs of your mediation people much more difficult in our province. I am wondering if we can expect some movement on this political matter if—maybe it wouldn't be fair for me to say that, so I'll just stop there. Does Mr. Armstrong have a comment on that?

Mr. Armstrong: This is difficult. For 40 years now we have had a system of labour relations in the province whereby it has generally been felt with some dissent from certain quarters, that there is a rough balance when a strike occurs. The strike or lockout is the terminal method of resolving a labour dispute.

I guess what you, as legislators, have determined in your wisdom over the years is that one permits an employer whose employees are striking to attempt to carry on business and, at the same time, one permits employees who are on strike to exert their influence, to conduct picketing, to communicate information and even, in some circumstances, to augment their income by alternative employment.

Casting my mind back to earlier days, I'm aware of the sense of frustration that people have—at least for a finite period of time and to some indeterminate extent—when others come in and appear to be taking their jobs and weakening their position in the exercise of this ultimate sanction.

With the exception of Quebec, the situation in North America is that we derive our labour laws from the rough balance that was struck under the original Wagner Act. It's not for us to be determining policy in these proceedings. Those that are ultimately deciding policy, the government and the Legislature, would have to determine whether to go the Quebec route.

8:50 p.m.

Mr. Mancini: Also British Columbia's.

Mr. Armstrong: Well, no.

Mr. Mancini: To some extent.

Mr. Armstrong: We'll get to British Columbia in a minute. To go the Quebec route and prohibit the use of replacement labour during a strike means we have to determine whether that would result in an imbalance in power. At that stage, it's power that we're talking about.

The British Columbia situation prohibits professional strikebreaking, whatever that may mean. To my knowledge, it has never come before the British Columbia labour board for determination.

Mr. Mancini: A professional strikebreaker would be a person who receives income for the work.

Mr. Armstrong: I don't think I agree with that definition. I think the definition of a professional strikebreaker would be somebody who goes into business, either as a member of a corporation or a firm, to go around engaging in this type of activity. I think that's what the British Columbia labour code means, although our definition may be the right one. We haven't said either the board or the courts tell us what it means.

I don't know whether I can shed any great wisdom on the issue that you raise, except to say that to prohibit it in Ontario would be out of the mainstream. That's not necessarily the decisive factor, but we would be with Quebec in a distinct minority among North American jurisdictions.

Mr. Mancini: Perhaps I could ask the minister, what adverse effects has Quebec suffered from disallowing strikebreakers?

Hon. Mr. Ramsay: I understand the Quebec Department of Labour, Manpower and Income Security is presently undertaking quite a comprehensive review and study of the whole matter. It is trying to assess the success or failure of the legislation at the present time.

Mr. Mancini: So we have no report card on it so far?

Hon. Mr. Ramsay: No. I can give you the number of cases that have been received. Under the provisions, 260 complaints have been received to date. Of these, 186 were assigned for investigation, and the investigators found violation in 70 cases. They settled 58 of these 70 cases. The remaining 12 were referred to the labour court for decision.

Mr. Mancini: All these figures are in Quebec?

Hon. Mr. Ramsay: That's right. If I could go back for just a moment to the British Columbia code, its definition of a professional strikebreaker is a person, in the opinion of the labour relations board, whose primary object is to prevent, interfere with or break up a lawful strike.

The Acting Chairman (Ms. Fish): Mr. Wrye and Mr. McGuigan, before you proceed, you had indicated your wish to question. Was that in supplementary?

Mr. McGuigan: No.

Mr. Wrye: On the strikebreaking matter, you've given us some numbers and indicated

that the government of Quebec is currently reviewing its initiative. I would prefer to take this out of the realm of numbers.

From what you can discern, and I'm sure you've been watching the Quebec situation closely, have there been negative effects of the legislation, particularly as it pertains to the attractiveness of the province from an employer's point of view? I think this was my colleague's question. Surely that would be the area where you would argue that it would take away from the attractiveness of the province as an employment base.

Hon. Mr. Ramsay: I have to be honest with you and indicate that I certainly have not been studying the situation in Quebec. The simple reason is that I haven't seen it personally. At least I haven't seen it as a problem in Ontario. I've felt that there are many other items within the responsibilities of my ministry that my attention would best be turned to. I've not looked at the Quebec situation at all.

Mr. Wrye: I have another supplementary, but if my colleague wishes to pursue the strikebreaking—

Ms. Bryden: Madam Chairman, just on a point of order: One party has been speaking for almost an hour. I think it's time they gave some of the other parties and other members of this committee an opportunity to get in. I personally want to get on to vote 2303, the women's issues. I've been waiting for that to come on for quite a while. I cannot be here tomorrow morning. If I don't get on tonight, there may not be an opportunity.

The Acting Chairman: Thank you. I have been mindful of the clock and was going to be drawing that particular matter to the committee's attention. I understand there had been some discussion on that and, indeed, Mr. Wrye had indicated a willingness to assist.

Mr. Wrye: I don't want to be unfair about this. I'm quite willing to let my friend, the women's critic, have her questions. I am quite willing to defer my questions until tomorrow so that she may have a sufficient amount of time tonight. I'm mindful of the fact that my friend the member for Hamilton East (Mr. Mackenzie) spent three hours on his opening statement and that we have 22 hours. There are a large number of matters. I'm watching the clock and, if we move along, I would ask perhaps to defer part of the vote on 2302.

I have a couple of supplementaries to Mr. Mancini's questions on vote 2302 and I think it's

important that we explore these matters. We have 10 hours left, so there is sufficient time surely, in my judgement, to complete the votes that we have under estimates. I would like to proceed on a supplementary.

The Acting Chairman: I would suggest that you proceed on supplementaries before we return to other areas of questioning. Perhaps the committee wishes to stand down further discussion on this item to permit a discussion of the women's bureau, if Mr. Mancini is either able to return or has completed his area of questioning on this particular vote. Mr. Wrye, do you want to proceed on your supplementaries?

Mr. Mancini: My health has not been very good lately, and I cannot be sure tonight that I'm going to feel well enough tomorrow to be back here. The matter we are discussing this evening is a current problem that has caused the Ministry of Labour some grave concern. Senior officials have been down to the riding to try to resolve the matter.

The Acting Chairman: I take it that you have some further questioning on the vote. I did try to make clear that this would be possible, subject to the courtesies the committee would provide. It was my intention to raise that question prior to recognizing Mr. McGuigan who, I understand, is seeking to question in another area.

Mr. Mancini: I think we're being unnecessarily officious tonight. We don't have to carry on in such a manner. It's not a courtroom. This is a committee of the legislature.

The Acting Chairman: I am seeking merely to assist the committee in advancing its business in dealing with the estimates.

Mr. Mancini: I think the committee can judge—

The Acting Chairman: We have spent some considerable time on that.

Mr. Stokes: We have spent five or six minutes on procedure. Why don't you call the next question?

The Acting Chairman: Mr. Wrye, you might proceed with your supplementary so that we could get on with the questioning in the estimates proper.

Mr. Williams: Let Mr. Mancini carry on.

The Acting Chairman: Mr. Wrye, you have no further questions? Mr. Mancini.

Mr. Mancini: Yes. I thank the member for Oriole (Mr. Williams) for suggesting that I be allowed to carry on, and also the member for Lake Nipigon (Mr. Stokes).

There are two other matters important to the whole problem of industrial relations. One is the effect that the grievance procedure has on the whole bargaining system. As Ray will know from being down to Amherstburg, the whole issue of grievances has delayed things and caused a lot of difficulty in achieving a settlement.

It appears that these grievances are stacked. For example, instead of settling a grievance against the company immediately for some type of infringement of the last contract signed, it seems that instead of having the matters resolved they are just stacked. After a year or two they end up with a considerable number of grievances. They could number in the hundreds.

I'm told that the reason the grievances are stacked is because of the expense and the costliness of going through the complete grievance procedure and that unions, like Local 89, just do not have the financial resources. I guess an arbitrator in these grievance circumstances would make \$1,500 a day or something like that. Is that correct?

9 p.m.

Mr. Illing: I think Miss Read of the office of arbitration is more familiar with arbitrators' fees than I am. I would like to say that just one of the 15 issues that had to be dealt with in the Allied Chemical dispute was a matter of about 60 outstanding grievances.

Mr. Mancini, it is rather a unique situation. I do not know that I have encountered it before but the parties there agreed, during the term of their contract, to refer a number of unresolved grievances to their negotiations, which is quite unique. They brought 60 grievances to the bargaining table.

During the course of the mediation session, as one of the last items that was dealt with, it was reduced to six or maybe 11. I am not quite sure of the figure.

The company made a very satisfactory settlement—satisfactory to the union—of those grievances and disposed of them all. That is an unique situation where they bring grievances to the bargaining table.

Mr. Mancini: That is not generally found.

Mr. Illing: No, it is not.

Hon. Mr. Ramsay: Mr. Mancini, could I ask Mr. Pathe to take a minute or two to explain the expedited arbitration system, which is designed to address the basic problem that you are describing, not the problem at Allied Chemical, but the basic problem?

Mr. Pathe: The expedited arbitration process, which is section 45 of the Labour Relations Act, became effective on September 1, 1979. Parties to collective agreements were covered and were entitled to use the section as they made or renewed a collective agreement after that date, so there was a phase-in period. Now I think all parties to collective agreements, with very few exceptions in the province, have made or renewed collective agreements since that date and therefore that section is open to them. It is my understanding that we are running now at about 200 cases a month.

The process is somewhat simplified from the traditional grievance arbitration process under the collective agreement which, in many cases, is a three-person board established by the parties. It is not unusual in those circumstances for the arbitration board to meet to hear the dispute—I think in some studies it showed it could be anywhere from three to 12 months after the event giving rise to the grievance.

By contrast, the expedited arbitration process entitles either party to a collective agreement to refer a grievance to the Minister of Labour for arbitration. The minister is required under the statute to appoint an arbitrator, who can commence his hearings within 21 days of receipt of the grievance. During that 21 days, the minister is empowered to appoint a grievance settlement officer, which is done through the office of arbitration.

The latest statistics I saw would indicate that the settlement rate—in other words, the settlement of the grievance during that 21-day period with the assistance of the grievance settlement officer—is running at about 65 per cent.

In addition to that, many unions and employers in the province now, even where they choose not to use the expedited system of arbitration, are phoning Miss Read, the director of the office of arbitration, and are asking, "Can we have a grievance settlement officer before we go to arbitration?" In those cases the settlement rate is running at about 80 per cent.

Mr. Mancini: What is the cost of this?

Mr. Pathe: There is no cost. We have a very efficient staff of, I believe, five grievance settlement officers and they are carrying the case load. There is no cost to the parties. If the settlement comes within a few days of the scheduled arbitration date, there may be a modest cancellation fee by an arbitrator, but when that is unusual now because we are not, as I understand it, scheduling the arbitration until the grievance settlement effort has taken place.

There is also a very interesting decision from the Ontario Labour Relations Board which extends to the proposition that an employer, bombarded by a mass of grievances, bombarded or otherwise, can refer a union grievance to arbitration under the section. In cases where a trade union has been building up grievances for effect, there have been occasions there where employers have said, "If there are grievances and you feel strongly about them, let's get them settled," and referred the grievances to the minister for expedited arbitration.

I think it is the most positive piece of labour legislation in the few years I have been in government in terms of the contribution it makes to industrial stability. The usage was very low at first, only a handful of cases in the first year, but now it is running at something over 2,000 cases a year, 65 per cent of which settle at no cost.

Mr. Illing says it is somewhat unique to find grievances being taken to the bargaining table. However, I think there is some tradition in the automobile industry of doing that. I have heard of that practice by the UAW; it is a practice they have engaged in in the automobile industry, particularly in the Big Three, for some years. It may be that practice has flowed over into Allied Chemical.

Mr. Mancini: I think I am finished with my questions.

Hon. Mr. Ramsay: Excuse me, Mr. Mancini. Perhaps I could just for a moment follow up very briefly on this, because this was all in my opening statement.

In the fiscal year 1979-80, 25 requests were received. As Mr. Pathe said, there were very few at the beginning. In the following fiscal year the total increased to 468; in the fiscal year 1981-82, some 1,370 applications were received; in the current fiscal year, a volume of approximately 2,000 applications is anticipated.

Just to repeat what Mr. Pathe said, the present rate of settlement under section 45 exceeds 60 per cent. At the level of settlement in those disputes, where the parties decide to participate in mediation voluntarily, it presently exceeds 80 per cent, and at no cost.

Mr. Mancini: Those are very interesting figures and I am glad to have them.

Just in conclusion, I want to thank the minister and his staff for being so forthright. I know we do not necessarily agree on everything. I appreciate the straightforward manner in which

he tried to answer my questions and I want to wish Ray the best of luck this week.

Mr. Wrye: Could I have one supplementary? The Allied Chemical example is one which I am sure, from Mr. Illing's point of view, is a troublesome one in the light of the odd dispute where it occurs. It is a fairly rare situation but we have a situation here where, as you have suggested, Mr. Illing, both sides have been in agreement and twice the dispute has continued because of a rejection by the membership as a whole.

I am just wondering if there are—the question may be to you, sir, or to the minister, or to Mr. Armstrong or Mr. Pathe—any initiatives being developed to look at this kind of a problem, where both sides recommend a settlement and the membership turns it down? It is very troublesome, and I think Allied is really quite unique now in that it has been turned down twice. It is a very difficult situation.

What kind of initiatives, what kind of a program can you put together, if one can be, to overcome a lack of understanding, acceptance, whatever it is, of the proposed terms of settlement? Is anything being worked on to ensure that, once both sides think they have a settlement, we move towards one?

Without judging what the membership has done, because I was not there for the vote and I am not a member of the union—and one of the things I have always prided myself on is saying, even when I was a member of a union, that what other unions do is their business—what can be done to expedite a settlement which would get those people back to work, which helps the community, which helps the area Mr. Mancini represents, and ultimately, most important of all, helps those workers? It puts a paycheque back in their pockets, and I think they all want that.

9:10 p.m.

What initiatives are you looking at to ensure that, once both sides have in a sense been caught out, we overcome that distrust, whatever it is? Does it happen from dispute to dispute?

Mr. Pathe: It happens in some disputes; I think at this point in relatively few. The incidence of rejection of recommended settlements was high in the early to mid-1970s, prior to the imposition of controls in 1975, when inflation was running high, and so were settlements, and expectations were in many cases running even higher. The incidence of rejection was higher at that time. I think that after, during, and coming

out of the controls, it dropped off to a very small percentage. I have not seen any figures to substantiate that, but that is my instinct.

Now we may be into another phase. We are into a phase where bargaining is extremely tough in a very tough economic climate, and settlements which are being taken back are recommended by bargaining committees a way below what the traditional settlement has been. Whereas the bargaining committee has very often spent a vast number of days in the conflict and thrust of bargaining and knows what took place in getting the settlement, getting the money back, the membership back at the plant has not seen any of that. Their minds are still sort of tuned into the original demands that they put together for the committee to carry to the employer.

It is not unusual at that kind of a meeting for someone who really wants to bring about a rejection to get up and say: "Well, we asked for this and we didn't get this and we didn't get the settlement. Look at all the things we gave up." They are really things they did not have, but they were their original demands.

So the dynamic that operates at a ratification meeting is quite an interesting one. I have had quite a bit of experience myself. I do not know that there is anything you can do to deal with that except to work very hard to try to get a settlement that touches as many bases and as many concerns in the work place as possible.

I suppose there is another factor too, and that involves work places where the relationship is poor, where it has deteriorated during the life of the contract. In a study we did in 1976, we found there were a fair number of rejected settlements that were due as much or more to that poor relationship as they were to the actual issues. It was with that in mind that we implemented what we now know in Ontario as the preventive mediation program, where mediators are trained to go in and work with labour and management during the contract in an effort to analyse the problems in the work place, the problems bringing about the poor relationship, and help them to devise methods to improve it.

That is one initiative we took to deal with the particular kind of contract rejection. As far as the ones like Allied Chemical are concerned, however, where both sides negotiate hard and tough and come to a settlement that probably represents the reality of the situation and they cannot sell it to their membership, I should be very interested in any suggestions. None has occurred to me.

Mr. Wrye: I understand your frustration. I guess I come at it from another point of view in a sense. In the last group I belonged to, the producers' association, the last two contracts were overwhelmingly accepted by about an 80 to 85 per cent vote, but the producers' group rejected them by 11 to nothing and 10 to one, and I was not the one in the second one.

I understand that you can have those disparities between what the negotiating committee believes is an acceptable arrangement and what the realities are, in terms of at least some of the membership, and in the case of Allied Chemical, obviously a majority of the membership on two occasions.

May I just leave you with this, that it may well be that Allied Chemical should be the subject of dispassionate, objective appraisal as to where the bargaining process may be failing and what initiatives may be needed. I do not mean that in any anti-labour or anti-management or other approach, but I do not think any group, least of all the workers, is happy to be in the situation they are in today. They have made their judgement, but I think once we do arrive at a conclusion at Allied it may be worth taking a look at what happened along the way, and if there is anything your ministry can do about it, because it has to be very frustrating all over.

Hon. Mr. Ramsay: Mr. Wrye, in my limited experience, I have come to the conclusion that the best weapon is skilful mediation. I think we have the skilful mediators. As I said earlier tonight, each dispute is unique to itself, and the mediators have to be innovative. They do not just go in and try to bring the parties together. There are all sorts of various levels of strategy that come into play, different ones in each case and brand new ones in many cases. That has been my experience in observing the process now, for close to a year.

Just very quickly: Mr. Pathe, earlier this evening, referred to a strike in Sault Ste. Marie, where there was binding arbitration. Just a moment ago he referred to preventive mediation. That brought to mind the fact that where they had that strike where there was a binding arbitration, they then came along afterwards with preventive mediation, and they have not had a problem since then.

Is that not correct, Mr. Pathe?

They have settled almost automatically each year, although there was bitterness there at the time of binding arbitration, but the preventive mediation program worked beautifully in that case.

Mr. Wrye: I could pursue this, but I will leave that suggestion with the minister.

The Acting Chairman (Ms. Fish): Thank you, Mr. Wrye. I have one further questioner in this area, and that is Mr. McGuigan. Did you wish to proceed at this time?

Mr. McGuigan: I want to put a question about the Christian Labour Association of Canada. It is somewhat different from questions in the past, but I hope you will give me just a few minutes.

Before I go on with that, in the last question you were asking about looking for another method. I have often wondered if you could not use, in industry and labour, a system that works not too badly in agriculture. I realize the analogies are not quite the same.

In some of the marketing boards, and I think in the tender fruit marketing boards which cover things like cherries and pears and peaches, the board has full power to set the price. At one time there was a negotiating process and they went to judges, each side always asking for ridiculous amounts. The farmers were asking for a ridiculous high, the processors were asking for a ridiculous low. The judge always put it in the middle, which did not satisfy anyone.

They gave the power to the marketing boards to set their own price. The consequence of that was you set a price that allows you to sell the product or you set one that prices it out of the market. It has been remarkable how well that system has worked, because farmers just do not price their product out of the market.

I realize that is not a complete analogy to the labour situation, but it is something to think about. It works pretty well. It has worked that way for a long time.

The problem I have at hand today is I got a press release last October from the Christian Labour Association of Canada, CLAC. They accused Hydro of buying labour peace from the Ontario Allied Construction Trades Council, composed of 13 international construction trade unions operating in Ontario.

The construction company of Ben Bruinsma, Chatham, had bid on a Hydro contract for a hydroelectric transmission tower support project. Their bid was \$241,000, and it was \$160,000 lower than the next highest bid. This work actually did not go forward, I understand, but it illustrates the problem they have.

The press release claimed that Bruinsma workers, under CLAC contracts, earn the same gross wages as those earned by other unions. Ed Grootenboer, business agent of the union, said,

"The only explanation I can think of for the extra \$160,000 in the next highest bid is excessive profits for the contractor who gets the work and a lack of productivity by those who now are guaranteed all of Hydro's construction work."

9:20 p.m.

I did not take everything in their press release at face value so I wrote them and asked for some further clarification. Before doing that I asked the library to do a research study for me to find out whether or not this practice was violating any human rights legislation and they did a very extensive piece of work for me. The net result of that indicates it is not; it is not violating Ontario legislation and it is not violating federal legislation. It may be violating international agreements, but international agreements are not enforceable within Canada. They can only be theoretically enforced by somebody off shore. So the net result of that is that the situation is not covered by human rights legislation.

The letter explained the situation a bit: "CLAC has for the more than 30 years it has been in existence championed in numerous appearances before the Ontario Labour Relations Board and in courts the right of freedom of association for workers. This objective has not been pursued merely as a matter of preservation for CLAC as a trade union, but because we feel this to be a basic right and privilege which should not be destroyed by a majority decision.

"In practically every area of society, including our jails and prisons, individual freedoms are enforced almost to a fault. However unions—and in particular the AFL-CIO affiliated construction trade unions are to be singled out—are permitted to trample on the freedom of workers to associate with whom they will by manipulating and negotiating ties between membership in their unions and the right to work." I do not know if that is true or not, but that is what they say.

"We think this to be a deplorable situation, which deprives workers of their dignity and ability to choose union membership as a free and unencumbered—uncoerced—choice."

Then they mention human rights. "With respect to union membership we have in all of our hundreds of contracts a 'multiple-choice' checkoff system, which allows workers under our contracts the freedom to join or not join CLAC as a member. All workers in the bargaining unit are deducted an amount equal to union dues, but serious and conscientious objectors to CLAC and its principles may have their dues amounts designated and sent to another union

or a charity. CLAC has found this type of checkoff system to be a meaningful alternative to mandatory membership and closed shop provisions

"To answer one of the questions you raise in your letter regarding different wage rates, our members' gross wage rates are quite in line with those called for under Hydro's electrical power systems contract. However, to put the icing on the cake, so to speak, Bruinsma, in arriving at their bid price for the Saugeen River job, used Hydro's AFL-CIO wage rates and still came in with a tender 66 per cent below anyone else including an acceptable profit

"When in this year's contract renewal negotiations AFL-CIO unions and their employers agreed to \$4 and \$5 an hour increases over a two-year period, we and our members made a conscious decision to not follow that example. Gross wage rates well in excess of \$20 per hour are not conducive to economic recovery and increased employment. The charge of 'cheap labour' by the AFL-CIO unions against gross wage rates for our plumbers or carpenters, for example, in the \$17 and \$18 per hour range is a hollow one when there are often more of their members not working than there are working. To protect their exorbitant rates of pay they use the subcontracting clause and threats of job-site disruption to keep their employers and owners in line."

They mention some other matters here that really do not pertain to my question.

What is the Ministry of Labour's attitude to this whole situation? I am asking this question with an open mind because I do not have a background in labour relations law.

Hon. Mr. Ramsay: Mr. McGuigan, it is a complex situation. I have had two meetings with officials of that union since I have been minister, therefore I do not profess to be an expert on the subject at all, but Mr. Armstrong has dealt with the situation for several years and I think perhaps he can make a comment or two that would be of help to you.

Mr. Armstrong: I can make a comment or two; I don't know whether I can give any kind of definitive answer or really be of much help except to perhaps elaborate a bit on the problem.

CLAC is very active, as you know, in the construction industry and the major problem that CLAC has is with the subcontracting clauses used by the AFL craft unions. Typically on the Hydro job you speak of, on a craft union job, there is what is called the subcontracting clause which says that the prime contractor will use

city subcontractors who employ members of the affiliates of the local building trades council, which freely translated, means the AFL craft unions.

The rationale for that in terms of the craft unions is that the construction project may be equated with an industrial site. No one criticizes industrial unions for saying that no one from another trade union shall do the work of the bargaining unit people. They say the analogy on the construction project is to prohibit the contracting out to others, either non-union or of a rival union; they have the same protection.

CLAC, on the other hand, argues that while they are free to organize under the Labour Relations Act and to get certification, this automatically and rather seriously limits the contractors for which they are certified to under and get work on their jobs and employ their members. There have been a couple of cases before the Ontario Labour Relations Board in which CLAC has argued that the subcontracting clause is inherently bad or contravenes the Labour Relations Act in that it indirectly affects the right to freely organize. The labour board, following labour boards in other provinces, has held that whatever else the subcontract clause may be, it is not illegal under the provisions of the Labour Relations Act.

I think what I am bound to say to you, however, is that the legality of the subcontract clause has never been tested beyond the context of the Labour Relations Act. In other words, to my knowledge no one has ever argued before a court of law as to whether the subcontract clause is contrary to the Combines Investigation Act. No one to my knowledge has ever seriously advanced the argument that the subcontract clause is a provision which may be in illegal restraint of trade at common law.

The US Supreme Court has had occasion to consider the anti-trust argument; I think it was *Connell Construction Co. Inc.* in 1976. There, although the Sherman anti-trust act is not precisely similar in language, the US Supreme Court determined in the *Connell Construction* case that the clause in question was illegal and struck it down. I am not suggesting that the same result will follow in this jurisdiction. I am simply saying that that kind of test has not been taken in the courts in Ontario.

That really is the essence of the position that CLAC has put before, not only to the present minister, but at least three of his predecessors, to my knowledge, and I think everybody understands their frustration. On the other hand,

people understand the legitimate desire of the craft unions to protect their jurisdiction against improper erosion and it is a question of balancing these two interests.

I make no secret of it, I have made the same observations to the representatives of CLAC as I have made to you, Mr. McGuigan, that if they are serious about their concerns, one way of testing the legality of the subcontract clause is to ask the courts to make a determination, not on the grounds of it being in contravention of the Labour Relations Act, but on some of the other grounds I have mentioned. One can give no assurance about what the outcome could be.

9:30 p.m.

There is a fairly important decision of the British Columbia labour board under Professor Weiler, who has been the chairman of the board, which was really an impassioned defence of the legitimacy of the subcontract clause that the craft unions have developed over the years, not only in British Columbia, but here. You can get a very impassioned and rational argument from those who defend the subcontract clause. You can get an equally impassioned and convincing argument, depending on who is giving it and who is listening, from CLAC. It's a very difficult and so far irreconcilable problem.

One resolution would be, and I say this a bit with tongue in cheek, if CLAC and the craft unions could somehow work out a merger of some kind so they could live together and CLAC would not be caught by the subcontract clause or prohibited from working by the subcontract clause. Having said that, I think the likelihood of that marriage is extremely remote, having regard to the traditions of the two groups. I say that with regret because it's certainly not, in the broad sense, in the workers' interest to have two warring groups of trade unions. Everyone loses in that situation.

As I say, I can give you a description of the problem and some indication of the kinds of things we have been saying to the people who have been talking to us about it, but there are certainly no pat answers. That problem has been with us for as long as I have been with the ministry and, indeed, for many years prior to that.

None the less, I must say that CLAC continues to exist as a union and I believe it continues to grow modestly in membership. There must be jobs where they are able to work, jobs to which the subcontracting clause doesn't apply. Therefore, their members apparently are getting some modest degree of work.

Mr. McGuigan: Thank you for the explanation. My own reaction to it is that I can see quite a bit of rationale for one union in a plant where there is a product that is sold to the public and it is really not a tendering process. I suppose you could argue that selling to the public is tendering something, but it is sold in individual small units, rather than one big tender for the job. On a construction job, which historically is made up of a great many subcontracting jobs, which is what the construction industry is all about, it seems a shame to me that someone should be excluded from that simply on the basis of the particular union he belongs to.

Has the government ever considered opening this up and testing it in firm contracts so that we could find out what the final answer is, rather than having this continuous sort of cancer, I guess you could call it, gnawing at our labour relations?

Hon. Mr. Ramsay: Not to my knowledge, Mr. McGuigan.

Mr. Armstrong: I am not aware that this issue has arisen in government construction contracts directly. It may well have been simply because no CLAC firm bid, or it may have been because the particular subcontract clause was not a bar.

It's an interesting question. One could inquire around of the Ministry of Transportation and Communications or of the Ministry of Government Services to see whether this situation had arisen. As I say, I am not aware of it.

Mr. McGuigan: All right. I will just leave you with the suggestion that perhaps we should find out from finer minds than perhaps our own what are the real rights of these people.

Mr. Chairman: Shall we carry vote 2302?

Mr. Wrye: Where are we, Mr. Chairman? I see it is now past 9:30 p.m. I did indicate earlier that my friend from Beaches-Woodbine cannot be here tomorrow or, I understand, Thursday.

I do want to ask some questions on one other aspect of this vote, the quality of working life. I am wondering, with the concurrence of the committee, if I can defer my questions on that and defer my opening questions on vote 2303 and be the first questioner after Ms. Bryden and let her ask her questions now. I do want to be fair and give her some substantial time to ask her questions.

If that's agreeable with the committee, I am prepared to defer to her and let her ask her leadoff questions on an issue which I know she feels is very important. I certainly agree.

Mr. Chairman: Ms. Bryden, is it vote 2302 that you wish to talk about?

Ms. Bryden: Yes.

Mr. Chairman: Do you want stand down vote 2302? Does the committee agree to go to vote 2303 and, if time permits tonight—

Mr. Wrye: I don't think time will permit tonight. I might suggest that we come back and complete vote 2302 before we move to vote 2304, the occupational health and safety program. I think the only issue we have is quality of working life. I won't be long, but I don't want it deferred.

Mr. Stokes: It may expedite the work of the committee if you go back to that vote for the purpose of allowing Mr. Wrye to complete his questions. If there happen to be different members here, they may want to open the whole thing up again and it would destroy it; you would be harrowing the ground that has already been ploughed. So maybe you could specifically say that you will return to that vote for the purpose of allowing Mr. Wrye to speak.

Mr. Chairman: Let's see what we can carry. Can we carry items 1, 2 and 3 of vote 2302?

Ms. Fish: Yes. The only questions that are left are on item 4.

Mr. Wrye: Yes, as far as I am concerned, I would agree to that.

Items 1 to 3, inclusive, agreed to.

Mr. Chairman: That just leaves the quality of working life, with some understanding that Mr. Wrye will at least lead off.

Mr. McGuigan: On a point of order, just for the record, Mr. Chairman. I don't think I gave the name of the gentleman who wrote the letter and I wanted to get that in Hansard. It was Ed Grootenboer, Ontario representative of CLAC.

Mr. Stokes: Now you can send him Hansard on it.

Mr. McGuigan: Yes.

Mr. Wrye: With Mr. Stokes' comment. Jack wanted it to be known he was here tonight.

Mr. Mackenzie: I would much rather you than me on that one.

On vote 2303, women's program:

Ms. Bryden: Thank you, Mr. Chairman, and I thank the committee for allowing me to come in first. I think I would like to deal with all three items together, because there appears to be rather limited time.

I did listen to the minister's introductory remarks, which were very extensive on the

subject of women, which indicated that he does have a concern about women's issues. He did refer to achievements of the government of Ontario in the field of promoting women's equality which related mainly to achievements of 20 or 25 years ago, such as the establishment of the women's bureau in 1963 and of the equal pay law in 1956.

The fact is that in Ontario we still have a wage gap between the average earnings of men and women of at least 40 percentage points and we still have women concentrated in the clerical service and retail ghettos, which, as Mr. Gunderson points out, is one of the main reasons why there is this wage gap. He cited the achievements of 20 and 25 years ago. I want to know what is being done right now to attack that wage gap and to bring economic equality to women.

9:40 p.m.

Back in 1979, the government produced what I consider a typical Tory initiative in appointing the Ontario Manpower Commission, with a special mandate to develop an employment strategy for special needs groups, such as women. In November 1980, the then Minister of Labour, Mr. Elgie, used as a reason for opposing an NDP private member's bill, called the women's economic equality bill, the fact that the Ontario Manpower Commission was about to produce a women's employment strategy within a month or two. He thought we should wait for that before adopting the NDP bill.

Last April the present minister refused to consider legislation requiring equal pay for work of equal value to close the wage gap, even though the Gunderson report had concluded that "equal pay legislation in Ontario has not been able to reduce the earnings gap significantly." Part of the minister's reason was that he was expecting three more reports before the middle of June. One of these was presumably the long-overdue Ontario Manpower Commission employment strategy. We are still waiting for that report.

The minister tells us that the manpower commission is concerned "that workers displaced by microelectronics technology will be able to find new employment with a minimum of economic and social cost." He has put his finger on one of the most serious problems facing women today, namely, the serious unemployment and reduction of employment opportunities that will occur with the microtechnology revolution. So far, however, we have not seen any policies to meet this serious problem in the

way of retraining and opening up other opportunities for women in some of the nontraditional occupations.

What I would like to ask the minister is, why is this report so long delayed? Is he getting his money's worth from this very expensive commission? It is going to cost him \$1,776,000, I think, this year, and it has cost up until now, if you add that in, over \$4 million. It has 35 personnel, I understand from one of its reports, but so far it has produced nothing of any use to women, even though that is one of its principal mandates.

Perhaps the report is delayed because it does not contain recommendations acceptable to the minister. I want to know, however, when we are going to get some policies that will increase the apprenticeship opportunities in fields outside of hairdressing and cooking. When can we expect training in opportunities in industry for women equal to what men now have, and when can we expect an improvement in the pregnancy leave laws, so women do not have to lose income because of fulfilling their biological role?

When can we expect an improvement in day care, so there are no barriers to women moving up on the job ladder and moving into jobs which may not be nine-to-five jobs? When can we expect day care at Queen's Park? I have heard the ministry people suggesting that day care in industry is a possibility. I think it is the Minister of Community and Social Services (Mr. Drea) who is pushing that, probably because he thinks it might not cost him as much as subsidizing municipal or community day care.

When can we expect day care at Queen's Park and other provincial government complexes, so there is an opportunity for women to work without having to make all sorts of arrangements that are very difficult to maintain with neighbours or with private day care or with inadequate facilities in their community? I think that about 80 to 85 per cent of women who need day care have to make arrangements outside of licensed day care.

The first question I should like to ask the minister is, when can we expect some concrete policies and the employment strategy from the Ontario Manpower Commission?

Hon. Mr. Ramsay: Ms. Bryden, there is an anticipated release date of spring of this year for that background paper by the manpower commission. I agree with you, I do not like the title of the commission. The word "manpower" disturbs me, and it is something on which I have had some discussions. They are discussing the

findings of their background paper, and a position paper is to be prepared and submitted, I understand, by early 1983. To give you a little more background on that, however, and maybe to afford you the opportunity to ask some particular questions, I would ask Mr. Barry Rose, the director of the manpower commission, to come forward.

While he is coming forward, to continue, you questioned the cost of the Ontario Manpower Commission and its size. I must admit that when I first came in to the ministry, it took me a while to grasp the significance of the operation there, but I have gradually become a fan, if I can use that expression, of the commission. I have seen some of the work they have been able to do. Now, instead of playing strictly a policy role, they are playing a direct line, ministry-type of role with the ministry in the cost of living allowance or COLA program. I know that is not on this vote and I do not want to get back to it, because we discussed it last evening, but I happen to feel they are doing an outstanding job in that respect.

I am very pleased with the manpower commission, once I had the opportunity to observe their operations and to study some of the work they have done. With those preliminary remarks, perhaps Mr. Rose could comment on the employment strategy for women.

Mr. Rose: Thank you, Mr. Minister.

I do not know whether the members of the committee are aware of it, but the manpower commission was restructured last fall. Of the initial commission membership, the chairman had left and so had other members of the commission. Last fall a new slate of members was appointed. Perhaps the committee would be interested in knowing who those people are.

From the educational field, there is Mr. Light, who is president of George Brown College; Professor McLaughlin from the University of Waterloo, who has just finished his term as dean of the engineering department; and Ms. Robarts, who is president of Niagara College. On the union side are Mr. Pilkey, president of the Ontario Federation of Labour; Mr. Roscoe, vice-president of the Service Employees International Union; and Mr. Ken Rose, vice-president of the International Brotherhood of Electrical Workers. Representing industry are Mr. Beneteau, president of Northern Telecom Canada; Mr. Peter Dawson, head of human relations with Procter and Gamble; and Mr. Sam Ellens, vice-president of Algoma Steel. The chairman is Dr. Alan Wolfson.

Last October the commissioners had their first meetings and started to deal with a number of very important issues that been placed before them by the staff of the commission. The commission is dealing with the employment strategy for women. They will be meeting on February 3, next week, and putting their final comments together in that strategy paper. Then they will be forwarding it to the minister.

I think that shows that paper will be available to the minister some time towards the middle or end of February, depending on the comments and amendments that the commissioners wish to make to the recommendations of the staff.

9:50 p.m.

Ms. Bryden: Are you telling me that for the first two years the commission did nothing? We haven't had any report on what happened before October. You tell me that it was all restructured in October. You spent over \$2.5 million in the first two years of it.

Mr. Rose: The commission covered a wide range of subjects in addition to preparing the strategy on women. The papers they have produced have been just a small part of their work. I think the major part of the commission's work in its early days was trying to forecast. As I mentioned last night, the forecasts of demand in various occupations in industrial sectors have been far and away the largest part of the commission's work. In fact, until about a year ago, there were only two to three policy analysts in the commission. The rest of the commission staff was very much doing the economic work in forecasting, in particular the industrial side. It is only in the last year that we've been able to strengthen our policy analysis side and get into a number of other issues.

Ms. Bryden: Are there going to be some concrete policies for women, for example, for dealing with the microelectronic revolution, in that report?

Mr. Rose: It's very difficult today to do anything that doesn't deal with information processing and handling, microelectronics and that whole technology. That's why we have people on the commission who can make quite a good contribution because of their knowledge in that area. In the recommendations to the commissioners and the paper to them for their consideration, there are contained components dealing with employment in an information society.

You are probably aware that there have been papers prepared by the Ministry of Labour and

the manpower commission on the area of micro-electronics and information handling. These papers are public documents that are available.

Ms. Bryden: What about the backup services that I mentioned that are needed to help women obtain equality of opportunity? Is anybody looking at those?

Mr. Rose: Yes. The paper before the commissioners now has certain recommendations in that area. I think you mentioned day care and a number of other things in some of your earlier comments to the minister. These are issues that the commissioners are considering.

Ms. Bryden: Then the question is, will the government accept the recommendations? Of course, some of them cut across other ministries. I don't really feel that women have been very well served up till now by this particular submission.

However, I would like to go on, since time is limited, to the question of equal pay for work of equal value, which is one of the main issues that concerns women these days. Until we get equal pay for work of equal value, we are not going to overcome that wage gap because women tend to be in jobs where in the rate of pay we are simply comparing people in ghetto jobs where there is very little male employment to compare them to. If you don't start to look at the question of value rather than just equal pay, what you end up with is a sort of shabby equality in an employment ghetto. That's why I think tinkering with the present equal pay law, even though the minister has been promising us amendments to that, will not really solve the problem of equal pay.

Last fall a group known as the pink ribbon committee had a press conference on equal pay and made some proposals to the minister. I understand that he responded to them in a document called Comments on Equal Pay for Work of Equal Value. I don't think I have a copy of that. Was that made public or just given to the committee?

Mr. Rose: No, but I can certainly get a copy for you. I'll bring one tomorrow morning.

Ms. Bryden: In his comments to this committee, he mainly listed the problems he sees in equal pay for work of equal value. Last March he said, in answer to a question in the House, that it was impractical and unenforceable. Last August he said he accepted the principle but it would put some employers out of business and therefore we can't afford it. Yet it appears that he recognizes there is discrimination against

women in pay but is expecting them to bear the cost of the discrimination, at least until the present recession is over.

It seems to me that the women are not the ones who should bear the cost. Society should bear the cost. Therefore, if it's a matter of ending discrimination and helping women to move up, both into nontraditional jobs and up the ladder, and also of comparing equal input and equal effort in jobs, we should be getting on with that and letting society bear the cost, not just 50 per cent of it. There certainly is an argument that it is fairer to have all employers covered by an equal pay for work of equal value law than to have only some of them covered under the present program where it depends mainly on like employment and like establishments.

Do you think we have sufficient experience now from the federal Human Rights Code application of this principle of equal pay for work of equal value and from the Quebec cases, which have resulted in large awards to women and in which commissions have worked out methods of evaluating work of equal value? Do you not think we are ready now to adopt that principle and try to put it into effect? Would you not think that is really the main way to overcome the wage gap?

Hon. Mr. Ramsay: My hesitation is based strictly on the problem of implementation. As I have said, I agree in principle with equal value, but I still have serious reservations on how it can be implemented, particularly in these difficult times. Talking about implementation, we are attempting to study the experience federally and in Quebec, but those are the only jurisdictions and their experience is limited in those two jurisdictions.

We have had the opportunity to discuss the Mercer application and we're looking at that. I have invited the various women's groups that have visited me since I have been minister to let me have their views on implementation. I am certainly approaching it with an open mind. My comments to the women's groups last year were intended to be open and frank with them, that I felt we still were not in a position to get involved because of the problems with implementation. That's purely and simply the case as I see it at the present time.

Ms. Bryden: With respect, in Britain they have had an equal pay for work of equal value law for a considerable time. I understand they also have one in Australia. Several of our human rights bodies across Canada have been putting

in programs for equal pay for work of equal value and for affirmative action to overcome the discrimination they have found. There are models there. I understand that the Mercer firm, which advises employers on employee benefits, has developed what it calls a bias-free job evaluation system.

It seems to me that the practicality of it has been demonstrated by all those jurisdictions. Quebec has also produced several decisions where there was an evaluation process. Has the minister obtained from all those jurisdictions samples of their job-evaluation methods, particularly from Quebec, the federal government and Britain?

10 p.m.

Hon. Mr. Ramsay: Yes. We have been trying to assemble that type of information. A moment ago you referred to the Gunderson report and to a certain aspect of it. Perhaps I could refer to the same report because Mr. Gunderson feels that the most single important factor contributing to the wage gap is occupational segregation. That is not addressed by either the equal pay or the equal value approach.

There has been another study done in the United States called, *Women, Work and Wages: Equal Pay for Work of Equal Value*. I have referred to that in the House, and I know that you are very familiar with it. That study did not substantiate the implementation of equal value in the work place. We're looking at everything available to us at this time.

I also would like to make this point. In respect to equal pay, you indicated that I promised a composite approach, and that is true. That is being examined, but I would also like to mention the fact that, as of November 1982, a step up of the equal pay program which was initiated by my predecessor, Dr. Elgie, has now completed 497 claims in routine investigations and over \$2 million has been awarded to over 1,700 employees. I think those figures are significant and impressive.

Ms. Bryden: I worked out those figures at \$1,176 to each of these 1,700 women. That's still a very small proportion of the Ontario female labour force. Also, you are reporting Mr. Gunderson as saying that occupational segregation is a major cause, but if you had legislation covering equal pay for work of equal value, you would be raising the wage rates for the women in those ghettos. If you compare their effort and their skill and their education with other jobs outside of those ghettos, you can see they are

grossly underpaid. That's why you need equal pay for Work of equal value, not just simply equal pay legislation comparing employees in the same establishment.

Hon. Mr. Ramsay: I don't want to disagree or debate with you because I welcome the opportunity to hear your views. As I've said to the women's groups that have been in to see me, I'm most anxious to maintain a consultative process with them in this respect. I want to resolve the issue. I don't want to stonewall it. Right at the moment, I feel the time is inappropriate because of the lack of information on implementation. That's what worries me.

Perhaps I could ask Alison Roberts, the director of our women's bureau, to come forward. She might have some comments that would be helpful to you.

Ms. Bryden: Do you feel that the number of complaints that are coming in are significantly up from last year, for example?

Ms. Roberts: No, I don't know they are. I think the results of the investigations are certainly up in that, as the minister has indicated, we have awarded to the 1,700 women over \$2 million in back pay and other awards.

Ms. Bryden: That's over a period of two years, is it not?

Ms. Roberts: Yes.

Ms. Bryden: Is the advertising campaign that started just before the election still going on?

Ms. Roberts: No, but I think the results are still felt. I certainly think it had the effect of creating an awareness among women and employers as to the rights under the law. That knowledge has not gone away; it is still being acted upon.

In terms of other jurisdictions and with respect to Quebec, I would note that I don't think there is a complete understanding as to how the legislation works. It's difficult to acquire information from Quebec, but from what we can understand the legislation applies the equal value provision to race, handicap, social condition and sex.

There is no breakdown as to how many of the 32 cases available apply to equal value and gender. At the same time, we do know that a number of them could be covered under Ontario's present legislation. Indeed, almost all of them, except for perhaps North Shore Paper, would be equal pay cases.

Ms. Bryden: Rather than equal pay for work equal value.

Ms. Roberts: That's right.

Ms. Bryden: North Shore was the significant and different one, and they must have worked out job-evaluation methods to be applied.

Ms. Roberts: Yes and no. Yes, there were job-evaluation methods applied, but what they had there might, indeed, have fallen under our own human rights or provision against sex discrimination legislation. The jobs were listed according to whether they were male or female and the points assigned and the dollars assigned to the points were different, so there was a very clear case of discrimination on the basis of sex.

Ms. Bryden: Discrimination, perhaps. I can see that would apply under your present law. It still means that if they got an award, they got it only within their own industrial establishment. Have you looked at the British methods of job-evaluating?

Ms. Roberts: I would like to look at that again. It was my understanding that was not nearly equal value either, but that was more definitely an equal pay provision similar to that in Ontario.

Ms. Bryden: Have you seen the affirmative action plan which included equal pay put in for Saskoal under the Human Rights Code?

Ms. Roberts: No, I haven't; I would like to.

Ms. Bryden: I have some material on it. They have a very elaborate evaluation system. I think the minister can see it indicates that the system is there.

Mr. Mackenzie: There's a new government here.

Ms. Bryden: Yes, there's a new government here. This is an affirmative action program for Saskoal, which has been submitted to the Saskatchewan Human Rights Commission and has been approved by them. It covers discrimination against native peoples as well as women, but they have separate programs and they consider them both target groups.

They have worked out methods of analyzing where these groups were underrepresented and where their wages were different. I think it is a model affirmative action program and indicates that we really are ready to move on from equal pay legislation which, as the minister said, came in in 1956 but has still left us with this huge wage gap.

Hon. Mr. Ramsay: If you would care to share that with me, I would be pleased to read it and pass it on to Ms. Roberts as well.

Ms. Bryden: Yes I would be glad to.

Hon. Mr. Ramsay: If I could make one point of clarification, you indicated that the equal pay media campaign coincided with the last election. That campaign and that special investigation team was put into place following a private member's bill by Dr. Bounsall. It was debated and studied in committee; in fact, I was on that committee. I believe it was in March 1980 when that campaign was initiated and the special investigation team was formed. That was a year prior to the election.

Ms. Bryden: Of course, everybody thought there might be an election in the fall of 1980 instead of in March 1981. Anyway, I think it probably was partly a response to Bill 3—

Hon. Mr. Ramsay: Yes. That's the bill I was involved in.

Ms. Bryden: —which Mr. Bounsall introduced, the NDP member for Windsor—

10:10 p.m.

Mr. Wrye: —Sandwich. If you use that as an example, it could be a set back to your line of questioning.

Ms. Bryden: I would like to move on to the question of affirmative action, which is very closely tied to the equal pay issue. I notice the minister said in his comments that a successful affirmative action program was essential but a real and complex challenge. It's not only essential, it's a program we have to put into effect on a very wide basis if we're going to get any movement of women out of the job ghettos and up the ladder.

While the minister cites his statistics of 204 employers who now have created affirmative action programs, in the seven and a half years that the voluntary program has been in effect in Ontario, I would like to ask how many of those 204 employers have actually set goals and timetables. Have they just indicated that they might put in some sort of an affirmative action program?

Hon. Mr. Ramsay: Ms. Bryden, you're very familiar with that. You've been working closely with it.

Ms. Roberts: Are you familiar with the recent survey as well? Are you referring to the survey or to the 204 total?

Ms. Bryden: The 204 total the minister mentioned in his leadoff remarks.

Ms. Roberts: I haven't got an absolute number, but we certainly know that most of them, well over half, have programs. While we certainly advocate goals and timetables, in many cases there are programs that are effective where employers haven't set targets but are certainly involved in maintaining an effective kind of program. We think that it's a necessary kind of component and we certainly push it, but we cannot undermine or dispute the fact that a number of the other programs are having positive effects as well.

Ms. Bryden: You think half of them have. Do you have them submitting reports about their actual goals and timetables? How do you know how many of them actually have goals and timetables?

Ms. Roberts: Generally, what we have done for the past two years, as you know, is conduct a survey of employers. This past year, in the second of our annual surveys there were 198 respondents from the 342 who received the survey, which is an extremely high response rate. Of those respondents, 100 indicated that they had affirmative action programs and, of that number, I believe 65 had formal programs.

Ms. Bryden: But you still don't really monitor them?

Ms. Roberts: No. This is our form of monitoring at the moment and we will be conducting this survey again next year. We will be pushing harder than ever to make sure that we get back even more than 198. We will want them back from all of them.

At this point, that is our means of monitoring. We are working to improve that data-gathering instrument to make sure we do get the kind of information we need. We want to know exactly what is happening. We want to know how it is affecting women. We want to know how many women there are and what kinds of changes there have been. So we are doing that.

Ms. Bryden: As long as you don't have mandatory affirmative action, you have no requirement, no ability to require them to report to you and no authority really to monitor their programs. As a result, we really do not know whether their programs are working. I would say 200 plans in the 7½ years is still just a drop in the bucket for Ontario work places.

Ms. Roberts: No, I think it is more than a drop in the bucket and I would also suggest that the affirmative action consultants work fairly closely with their employer clients and do have a pretty clear idea. They maintain an ongoing kind of

relationship. They deal with them by telephone and in person through the network organizations and through seminars that we hold, and so have a fairly clear idea.

Ms. Bryden: How many new programs were established in the last year?

Ms. Roberts: There were 34.

Ms. Bryden: How many were in the private sector?

Hon. Mr. Ramsay: While Alison is looking at that up maybe I could also make reference to staffing, because you brought that up I believe in the House last year. I forget the exact figures but I would just remind you I indicated in my opening remarks that attention has been paid to the matter of staffing and 10 additional people have been hired in the women's bureau, so think we have addressed that problem.

Ms. Bryden: If you took half of the \$4 million you are putting into the manpower commission and gave it to the women's bureau they might have enough money to do an adequate job of promoting affirmative action.

Hon. Mr. Ramsay: Alison is smiling and she is nodding her head in agreement.

Ms. Roberts: No, I am totally neutral.

Mr. Mackenzie: It is like our ability in the safety and health field to monitor work places.

Ms. Roberts: I have an answer for the number in the private sector. I cannot break it down over this past year, but of the total of 204, 150 are in the private sector and the others break down between school boards, universities and colleges, municipalities and hospitals.

Ms. Bryden: So in seven years in the private sector it has been about 20 per year on the average, which is certainly not going to get us very close to covering all the Ontario work places.

Now the minister has suggested that he is going to aim at a target of companies with 500 or more employees, which cuts the total to be covered down to about 900 firms. But is it fair to exclude from affirmative action all the employees who are in smaller firms? There are literally thousands of them.

We worked out that at the rate of 20 a year it would take 13,000 years to cover every work place. It may be unrealistic to cover the very small ones, but it seems to me it is equally unrealistic to consider only the firms with 500 or more.

Hon. Mr. Ramsay: I will let Alison give you further details, but no, we are not ignoring the

smaller firms. It just makes abundant sense to address the larger firms because we reach a much broader client base, but the smaller firms are not being ignored.

Ms. Roberts: No, they are not being ignored. I could suggest that while it is not really feasible to apply an effective affirmative action program to the companies in Ontario with fewer than 100 employees, it is possible.

If we look at companies with 100 employees and over we are dealing with a potential client base of about 3,500 companies. There are 22 client companies with between 100 and 500 employees involved with the bureau.

We find in general that the larger companies have a more sophisticated kind of personnel system. They are more aware of human resources development and planning and we can probably encourage them with more success.

Generally, I think they do set the pace and set the kind of procedure that becomes a common business practice, so we find the smaller employers will take note from the larger ones. This year we are also certainly putting a push on in encouraging those larger people to start talking about it among their own colleagues and encouraging each other to adopt this kind of process.

A number of those major employers that are involved and that do, as the minister says, have the opportunity to have an effect on larger numbers of women are finding that indeed a number of positive results accrue from the development of programs, and that is not lost on employers in a very tight and competitive position.

0:20 p.m.

Ms. Bryden: Do employers think it is fair not to require everyone to follow suit, if we are going to have affirmative action as an objective? Is it fair to allow it to be on a voluntary basis, so there is a competitive advantage in not putting it in?

Ms. Roberts: I have heard a couple of presidents lately; and certainly the former president of Warner-Lambert Canada Inc., which is one of our better-behaved companies, liked very much to say that he was going to keep it quiet because he thought that he had a competitive edge in terms of the competition, that by using the kinds of resources available to him through the women in his employ, he was gaining value for money that perhaps his competitors did not have.

I have heard employers say that since, and we

certainly encourage them to say that as often as they will.

Ms. Bryden: That is an argument for making it palatable to tell them that they should have it across the board.

Hon. Mr. Ramsay: Excuse me, Ms. Bryden. I think there are many employers out there who just look upon voluntary affirmative action as damned good business. Certainly from many that I have talked with in the short time I have been in this position that seems to be an attitude that is growing.

Mr. Mackenzie: The very slow narrowing of the gap does not verify that.

Ms. Bryden: Why would they not then respond favourably to a mandatory affirmative action program, if it is good business?

Ms. Roberts: I guess employers do not want to be made to do anything, as no one wants to be made to do anything. I am sure they are behaving that way.

At the same time, we are certainly making a move, and will be doing so, with additional resources over this next year, to make sure that we have more than 34, and indeed far more than 20, coming up in terms of gathering those new employers in over the next year.

When we have mined that field represented by those employers with more than 500 employees, I think at that point, as soon as we have gathered them all in and have a program, we can look then at the next target group of fewer than 500.

Ms. Bryden: What does the minister think of contract compliance for affirmative action and for equal pay, which they have in the United States? It does limit your target for the time being, but perhaps at least there is some basis for saying that anyone who gets a government contract should carry out a policy that promotes equality. I believe it applies to firms with 50 employees or more.

Hon. Mr. Ramsay: Yes, Ms. Bryden, that is my understanding. It is something to which we certainly have to pay attention. I must admit that I haven't monitored the results in the United States; perhaps I should, and I shall give you a commitment to do so.

Ms. Roberts: I want to interject at this point. The United States is at the moment examining changes to its provisions. They have required those contractors with 50 employees, and I believe a contract of \$250,000, to adopt programs. The recommendations have been made

to change that to a minimum of 250 employees, and contracts of \$1 million or more.

Ms. Bryden: That appears to me to be a step in the wrong direction. I am not sure whether they are just trying to cut down the amount of intervention by the government there—

Mr. Mackenzie: It is a conservative government.

Ms. Bryden: —because I know that the programs have resulted in significant gains for both handicapped groups and women. At least we might even start with contract compliance and move along. We would move along a lot faster than at the rate we are going.

I am sure the minister is aware that the Ontario Status of Women Council has come out very strongly for mandatory affirmative action and his own Advisory Council on Equal Opportunity last spring also came out for mandatory affirmative action. How can he continue to reject the advice of groups of this sort? The mandatory approach appears to be the only one that they can see is going to close that gap and get women moved into different kinds of jobs as well.

Hon. Mr. Ramsay: I believe the advisory committee indicated in their report to me that while they recommended mandatory affirmative action they realized that that was not a priority of this government at this time. Therefore, they came up with supplementary recommendations.

We have tried to address several of those recommendations. Maybe Alison could give you the background to some of those and point them out to you.

In other words, the point I want to make is that we did not reject their recommendations completely out of hand. There were several recommendations that we felt were excellent and that we are going to try to implement.

Mr. Mackenzie: There was no question what their priority was.

Ms. Bryden: They concluded that mandatory affirmative action was really the only way of achieving equality.

Hon. Mr. Ramsay: Yes, I accept that, but they also were realistic in appreciating the fact that we were not going to move in that direction and that therefore there were other steps that could and should be taken. That is what we hope to do.

Ms. Roberts: Yes, with their further recommendations they had recommended that further resources be provided to the voluntary affirma-

tive action program and, as the minister has indicated, that has been done. They asked that the minister's letter to employers, which will cover the results of the present survey and which will go out shortly, ask whether or not employers understood the need for or believed in legislation or voluntary action—whether they felt that was a possibility.

As far as I understand it, the letter will be a strong one that does indicate to employers that it is up to them as to whether or not they are going to operate voluntarily or whether or not there will be further measures required. They have also asked for example that a select committee be established to examine legislative formulae pertaining to affirmative action. As I understand it that is not particularly feasible this session, but is left as a thought to be discussed later.

Ms. Bryden: We had a 1975 study on affirmative action and equal pay and it has not yet been implemented.

Hon. Mr. Ramsay: Not to be provocative, but really aren't things like this sufficiently important to keep the issue out in front? I mean, anything of this nature that can be done keeps the issue in front of us, and that is what we want to do, isn't it?

Ms. Bryden: I quite agree. It is just a matter of whether it is enough to get real movement towards reducing that wage gap.

In the few minutes remaining I would like to talk about the women crown employees' report. The minister did admit there had been practically no change in the fact that on average women in the public service earn 72 per cent of what men earn. As I mentioned last night, that gap may increase because of the restraint program which is affecting public servants particularly in not allowing catch-up.

I think we are still working on out-of-date statistics, the last report being 1980-81. The minister gave one or two figures out of the new report in his comments, but they have not yet been made public, so he may have been selecting the figures that were favourable but not giving us the entire picture.

One fact that bothered me in the 1980-81 report is that the clerical module in the public service had gone up by eight percentage points.

10:30 p.m.

Hon. Mr. Ramsay: By the way, I have Barbara Speakman here, who is the director of the women crown employees office. I am sure she could supply those figures for you.

Ms. Speakman: Which figures were you referring to?

Ms. Bryden: The clerical module in 1980-81 went up by eight percentage points to 78.3 per cent of the total public service. Is it still at that level?

Ms. Speakman: I have brought with me some advance material for the next annual report. We are going to be publishing it soon and we are just in the process of gathering the final material together. I have brought some more up-to-date statistics for any of the committee members who would like them.

Ms. Bryden: That would be very good.

Ms. Speakman: One thing I should mention about the clerical area is that our program does not specifically address reducing the number of women in that area. We let that happen as it goes.

As you will notice, the number of women in the service as a whole has increased each year and many of them are still in the clerical area. Our program, however, is directed to trying to increase the number of women in the underrepresented classes. When doing that, we tend to ignore to a certain extent what is happening in what we call the overrepresented or integrated classes. For this year—I haven't looked at that particular statistic—it may have changed again. Was that the clerical module you were referring to?

Ms. Bryden: I think so, 78.2 per cent in 1982, 83.3 in 1981 and 70.8 per cent in 1980.

Ms. Speakman: It has gone down 0.1 of a percentage point, but there is a net gain in the service over that period.

Ms. Bryden: It looks as if it is all going into the clerical module.

Ms. Speakman: No, it is not. I think if you look at the whole picture, you will see that in some of the areas that are crucial to senior and middle management we are increasing women's representation quite significantly. The administrative module, for example, this last year has risen to 27.3 per cent, which is not far short of the 30 per cent goal.

The administrative services area, which is the bargaining unit area which feeds into middle management, also is at 25.4 per cent, which again is getting close to the 30 per cent area. As we are now analysing two to three years of results, we are coming to the conclusion that we can probably increase the goal and in others modify it slightly, based on the fact that there is

very little activity in some of the areas, such as technical.

It is very difficult to get women trained in a short period of time in the technical area, and we may have to modify those goals to a much longer time frame. We are just in that analytical phase right now, asking what the first two to three years' results tell us, in what areas are we being successful, and where we can put on more pressure, more initiatives, and more resources to try to increase the administrative module, say, well beyond the 30 per cent and thereby increase the feeder group for senior management, which is one of the prime areas that I think we can improve.

Ms. Bryden: On a matter of policy, does the minister think having the crown employees' representatives work through the personnel department is the best way to get the attention of all the people in the various ministries to the need to promote, encourage and advance women?

That seems to me an approach that is too far down the level and too much tied just to strictly recruiting and filling jobs. I think it should be at the deputy minister level. The person concerned with affirmative action within the public service should report to the deputy minister in each ministry.

Hon. Mr. Ramsay: With respect, I don't believe it is handled through personnel.

Ms. Bryden: Am I wrong in that? I had understood that the work of encouraging women to move up and enter into training was done through the personnel department.

Mr. Armstrong: Ms. Speakman will have the facts on that. I have seen the figures on that; I believe they are somewhere in the material. For example, in our ministry the women's adviser reports directly to me.

Ms. Bryden: That is good to hear. Is that true of all ministries?

Mr. Armstrong: I think it is true in perhaps nine or 10 ministries but the practice varies. Barbara, you have the figures.

Ms. Speakman: I did a study on that not long ago. There are a number of program managers who report to personnel branches. In those situations we haven't found that it does not work. It very much depends on resourcing.

For example, in small ministries with very few women, it is more feasible to have a program manager who is wearing two hats. Quite often that individual is someone with expertise in manpower planning and staffing with perhaps some experience in compensation. The person

may work part time, perhaps one or two days a week, as a personnel officer, and the rest of the time act as the program manager for affirmative action.

In all cases program managers have direct access to their deputy ministers at all times. Each deputy I have spoken with in those situations has confirmed that they do have that access and that their reports on results and planning go, in all cases, directly to the deputy minister.

In fact, it is more of a resourcing thing where they operate from the personnel branch for office space, part of the budget, and so on. The

majority report goes either directly to the deputy minister or an assistant deputy minister in a policy secretariat.

Ms. Bryden: It seems women are very small numbers. Maybe they should—

Mr. Chairman: It is after 10:30.

Ms. Bryden: Could I have just one last question?

Mr. Chairman: No. I did allow you a whole new question after 10:30. We will have to adjourn until 10 o'clock tomorrow morning.

The committee adjourned at 10:37 p.m.

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No. R-48

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Wednesday, January 26, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Wednesday, January 26, 1983

The committee met at 10:08 a.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

Mr. Chairman: I call the meeting to order. I am not sure whether we are meeting next Monday or not. Do you know, Mr. Martel?

Mr. Martel: The hours are there.

Mr. Chairman: Is our committee sitting on Monday or Tuesday?

Mr. Martel: The government will want to do it on Monday, and we are prepared to do it on Monday. Do you want to have it on Monday instead of Tuesday?

Mr. Chairman: Yes, I would think so. I guess it is also up to the rest of the committee, but I would like to get it done. Let's suggest to the powers that schedule that Monday suits us.

Mr. Martel: We never schedule anything. We just put into place what the committees want.

Mr. Chairman: Do you want to meet on Sunday? The night we had the cold weather, the clerk knocked half an hour off the meeting. I am hoping we can make that up without having to add an extra sitting. We can speak five or 10 minutes on each of the next sessions, counting last night. I am open to suggestions.

Mr. Wrye: How long are we supposed to meet this morning?

Mr. Chairman: Until 12:30 p.m.

Mr. Wrye: Maybe we can get it all back today. I would point out to you that 10:30 comes late enough. It is after 11 before I get home.

Mr. Chairman: You have to get home, do you?

Mr. Wrye: Perhaps we can go right through to one o'clock today.

Mr. Chairman: Are you suggesting that you do not go straight home?

Mr. Wrye: Yes, I do, but it is a long walk.

Mr. Chairman: I have a meeting right at one o'clock. Can we go to three minutes to one or five minutes to one, not 1:15?

Mr. McLean: I have a meeting this afternoon, so one o'clock is as long as I want to go.

Mr. Chairman: We were on vote 2303. I don't know whether you want to finish that and go back to vote 2302 as we agreed, or what.

Mr. Wrye: Maybe we can complete 2303 and go back to 2302 later.

Mr. Chairman: Is there anything else on vote 2303?

On vote 2303, women's program:

Mr. Wrye: I am trying to think of an appropriate alliteration for it. Last night the minister heard what I call night-time niceties, and this morning you are going to hear morning madness.

From my point of view, in reading and rereading your opening comments on women's issues, and just glancing now at the civil service salary report from the women crown employees office for 1981-82, I note that a lot of the problems that were there before are diminishing only very slightly, if at all.

Let me start with equal pay. As my friend did last night, I approach vote 2303 from all three items; the women crown employees office, affirmative action and the women's bureau. We had a promise in the throne speech on new equal pay legislation. I don't want to get into the debate on your composite approach, but when are we going to get legislation?

Hon. Mr. Ramsay: I am hoping to introduce it this spring. I cannot make a firm commitment, but that is what I would like to do.

Mr. Wrye: It seems to me that you went over Morley Gunderson's report rather quickly. I just want to read into the record what Gunderson said in his report.

"Equal employment opportunity and affirmative action programs are obvious possibilities to reduce occupational segregation. Further, by increasing demand for females, these programs have the potential for increasing both wages and employability of females. In contrast, equal pay legislation runs the risk of reducing female employment opportunities."

You referred to that last sentence in answer to a question last spring in the House. I just wonder if that is your guiding principle. Are you afraid that if you move at all, you are going to reduce female employment opportunities?

Hon. Mr. Ramsay: That is a factor, but last night I said that the main reason for the hesitancy in introducing equal value is the problem of implementation.

Mr. Wrye: Is it your view that if the legislation is tougher and if you proceed in an effort to overcome— You were quoted as saying, in the *Globe and Mail* on August 28, "I would think when plants are on the verge of closing it could be another straw that would break the camel's back, in some cases certainly."

That was one of the justifications you offered. Given the fact that we are looking at a wage differential of approximately 30 per cent, give or take a small amount, when are we going to get some action that is going to significantly narrow the gap? The actions in recent years have been an utter and complete failure.

Hon. Mr. Ramsay: Well, I don't think—

Mr. Wrye: If they had not been a failure, they would have closed the gap. That is what I think women's groups are saying. You can paint all the niceties you want on your programs, but in point of fact, the gap is not significantly narrowing. Women are asking, "How much longer are we going to have to wait with excuses before we attack the problem and narrow the gap?"

Hon. Mr. Ramsay: First, going back to the *Globe* article, I was quoted correctly, but I was quoted out of context. There were several other comments that I made at that time that were not recorded.

Basically, I was attempting to say that while I agreed in principle with the equal value legislation, I did not feel that the time was appropriate. I did not feel I would be able to make a strong enough case to my colleagues to bring it forward, because it was not an appropriate time and there would be problems in implementation.

With greatest respect, I don't agree with you when you say there has been no progress made. Looking at the provincial government, in the women crown employees office there has been a great deal of progress made. Even at a time when there is a hiring freeze, and the civil service is actually being reduced rather than increased, there has been a tightening up of the equal pay provisions, which is what I totally support.

The investigation team that came into being in March 1980 has done a job; the figures prove it has. The affirmative action programs have increased each and every year, our educational programs have provided necessary information to the work place, and I would like to think that

if we had not run into the recession that we are in now, those figures, which are commendable, would be even more impressive.

I think you and I have to agree to disagree on this. You have certain standards that you would like to see reached, and on the other hand, I feel we have done a commendable job under difficult circumstances.

Mr. Wrye: If I can separate the women crown employees in the public service for a second, I want to come back to that. You were quoted in an article last summer, after you met with the pink ribbon committee. Quoting you:

"I am conservative enough to say that as long as progress is being made, why impose legislation? Progress is being made. While I can't quote you chapter and verse, women have made dramatic strides even if it is not as fast as the advocacy groups would like. Frankly, we hesitate to move forward with more legislation when the economy is in such dire straits. The feeling is the work place is under such pressure already, why add to it? Our priority now is to create and maintain jobs."

I understand that last part of it, but you say progress is being made and women have made dramatic strides. I just wonder, in terms of equal pay in the private sector, where those dramatic strides are. I must have missed them, and Gunderson must have missed them.

Hon. Mr. Ramsay: Last evening I think we were talking about when equal pay efforts were stepped up and, in that respect, since 1980 1,700 women have received retroactive payments totalling over \$2 million, and there has been a sizeable public relations campaign staged as well.

10:20 a.m.

I would like to ask Ms. Roberts again to elaborate on this point because I really do believe—I am not saying this just for political reasons and the fact that we are in estimates—that progress has been made. I say this most sincerely, that it is an ongoing concern. It is something that we don't treat lightly within the ministry. It is something that we do not slough off as a low-priority item. It is one we are very concerned about.

Ms. Roberts: I think we need to look again at the occupational segregation factor and all of the channels that are being taken at the moment to address that problem. As a result of that, we do see women moving into areas where they have not previously been represented to any great degree. They're moving into the profes-

sons, into medicine, law and engineering, pharmacy and veterinary medicine and a number of areas like that in unprecedented numbers.

That is eventually going to have an effect on the wage gap. The problem is a long-term one, and we're not going to see what has been a societal practice for 5,000 years change in two or five or even 10 years. I think we are beginning now to see a trend.

Certainly there are a number of things the bureau is doing to move women away from traditionally female jobs, specifically clerical, sales and some other service jobs.

Mr. Mackenzie: One supplementary on this very point, which annoys me a bit. We have people moving into these particular areas, but another thing is happening, probably even more in the last year or so.

I refer, for example, to what is happening to some of the people at the big Loblaw's store in Hamilton. It's certainly happening in many of the stores. It may be happening more in the service industries than in some of the professional industries, but you have a fantastic increase in the number of part-timers.

Ms. Roberts: Yes.

Mr. Mackenzie: A number of people are being cut down from full time to part time. I have them coming into my office nearly every week, and I notice that greater than 70 per cent of part-time workers in 1981 were women. Part-time workers represented 24.7 per cent of the total female employment in Ontario, compared to 7.1 per cent of total male employment.

What is even more obvious is that the wage gap between part-time workers increased. Women earned 58 per cent of what men did in the part-time area in 1977, 51 per cent in 1979; that's not a tiny drop, that's a drastic drop. That's accelerating right now, increasing still further.

Any gain we might make from the few additional women going into the trades and professions you are talking about is being more than offset by a fantastic drop in comparison with men's wages as a result of this move to part-time employment. So we're getting a distorted picture.

The point I'm making to the minister is that it's not improving. With this sort of a trend, it's going to be even worse.

Ms. Roberts: Yes. There are a number of very serious problems in the work place, as you are well aware, and certainly the structural changes in employment are a very serious concern to everyone. Indeed, as far as part-time work goes,

that does have a specific and problematic impact on women.

There are, however, only certain things that government programs can do about the increasing numbers of part-time jobs. We know there has been a decrease in full-time employment. Again, that relates to a number of causes, and I think primary among the causes is the introduction of microelectronic technologies in the work place.

Mr. Mackenzie: But it is because they are already at that deficit position that they get hit even worse when this happens, and it adds to our overall problem.

Ms. Roberts: I absolutely agree.

Hon. Mr. Ramsay: If I can interject for just a moment, I think you have raised a good point and I don't dispute it. We will look at those figures. I give you that commitment to do so. We have not done so, perhaps we should have, but we will take a look at them.

Mr. Armstrong: If I could just add to that, and I am not familiar with those particular figures, aggregates can be helpful and they can be misleading. One would have to know if that is a reflection to some extent on the amount of part-time work that is being performed by the two groups. That kind of analysis, as the minister says, should be carefully done before one draws any final conclusions from it, and we will certainly undertake to do that.

Hon. Mr. Ramsay: Could I also add, just for your information, that I have recently written to my federal counterpart in respect to a study being done on part-time work? Mr. Armstrong and the federal deputy have already had one meeting, and will be setting up a task force or a committee or something to study the problem of part-time employment, because I agree with you, it is a problem.

Mr. Mackenzie: I am sorry, it is just that it bothers me a bit that we do not get full perspective on this issue.

Mr. Kolyn: I appreciate your comments and I agree with Mr. Mackenzie, but we realize that the grocery and that type of industry has been radically changing in the last number of years. Again, we seem to be going to more and more independent, no-frills operations and that type of thing, and part of the problem is that we are going more to part-time work. The big three or four, Dominion and Loblaw's and the like, have had tremendous competition from other sources in the food industry.

I would just like to get back to the universities

and things like that. When my girl was graduating I found that 40 per cent of the graduating law class were girls. When I was at Queen's last year, I was very interested in how many girls were in engineering, which I thought wouldn't really be a profession for women.

So I really think the opportunities are there for women, and those who are qualified are certainly doing very well at it. I think we are headed in the right direction. I do not think we will ever solve the inequities completely, because the other way there are labour conditions and economic conditions that really dictate what the market gives.

Mr. Mackenzie: I agree with my colleague, Mr. Wrye, we had better solve it. We had better see that we don't have two classes of people.

Mr. Kolyn: It is a lot easier to say solve it than solve it. I haven't heard any constructive ideas on how to go about it.

Mr. Mackenzie: There have been three or four, very definitely.

Mr. Kolyn: They are not that easily implemented.

Mr. Wrye: I suggest to you that if we are going to truly solve this persistent problem of unequal pay for female employees, perhaps the place one would naturally start, especially if one wants to provide a model for the private world, would be within government. I would like to turn my attention to that. Could I ask Ms. Speakman to come forward and take this?

The Equal Pay Coalition issued a news release back in October, and I would like to go back to this briefly. I know it is on Bill 179, but I will quote from it: "Bill 179 legislates percentage increases which are well known to have the effect of widening the gap between male and female wages. While the gap between the average male and female income in the Ontario Civil Service stands at \$6,271 per year, this gap will increase by \$313 to \$6,584 when the five per cent increase is applied to these wages."

10:30 a.m.

I am not sure whether the Equal Pay Coalition has taken into effect the legislated \$750 minimum and the possibility—and it will be interesting to see what the first rulings of the Inflation Restraint Board are—of an increase to \$1,000. Was that taken into consideration, that when you start out with that kind of huge differential and apply a five per cent increase, the kind of rough justice five per cent across the board allows for, in effect it was an attack on the

differential in a negative sense as the differential is likely to widen?

I suppose that is why a lot of us refer to the effects of the legislation as not being neutral. I really think that is what we were getting at.

Hon. Mr. Ramsay: I cannot respond as to whether it was looked at in that light. I do know it was looked at, very much so by myself, in my comments to cabinet, that there had to be some sort of mechanism at the lower level. When the final bill came out I was pleased to see that I and others had been listened to. There was the \$750 minimum and the opportunity for it to be a \$1,000 minimum.

Mr. Wrye: I am looking at, and I have not really had a good chance to look at it—we received it last night—a draft copy of the 1981-82—

Hon. Mr. Ramsay: I thought you would have taken that home and studied it.

Mr. Wrye: I meant to but I forgot it. I wanted to get home and make sure I hadn't missed anything significant with Mr. Biddell yesterday. I wanted to review all the significant things he told our caucus.

Anyway, just at a quick glance, looking at salary ranges, looking at table 2, perhaps you could point out to me where you think there have been significant gains, where these totals highlight significant gains.

I say that, keeping in mind the fact that for everyone there is going to be a gradual shift upwards. To suggest that women went from \$15,000 to \$16,000 is neither here nor there, because we all know that the overall numbers are going to begin to move upwards. Until a couple of years ago you did not even have a separate classification for the over \$30,000 group.

Ms. Speakman: I think if you compare this table with last year's table you will notice that we have set out the data differently. We are trying to indicate some different pictures for you, and for anyone else who is interested. Women are moving up through the salary ranges at a greater rate than men are.

If you look at the lower levels, in absolute numbers there is still a much larger number of women in the lower levels, but they are moving out of those levels at a faster rate than men. If you look at the figures, the difference column, the percentage figures in columns 2 and 3, the number of women at the lower level was reduced by 20.9 per cent.

The number has increased at the next level by

0.2 per cent and then at the next level by 6.9 per cent, and so on up the scale. It does taper off because it is a long-term process we are talking about. In terms of the men, the number was reduced at the lower levels and gained at the higher levels, which again is predictable, but the rate of change for women at the lower levels is much greater than for men.

That is why we are saying there is significant progress in a time of economic restraint, at a time when vacancies are much lower than we had predicted when we set this process of targeting that we have adopted. Just as an example, we had developed the program based on 5,000 vacancies per year in underrepresented classes, but we are getting only around 3,000. Therefore, the opportunities are much lower.

To get back to this particular table, if you make a straight percentage increase, averaging it across the board, you would expect to see men and women moving up just at the same rate, but with the differences in salary revisions which have taken place, with the movement of women up into the higher areas, women are moving at a faster rate than men.

Mr. Wrye: I have a couple of figures here that do bother me. Going to the very top end, women as a percentage of total employees in a range, and looking at the \$32,000-plus level, which are really the senior positions within the civil service, positions that have clout, I am mindful of the fact that the real explosion of women in terms of educational opportunities, where it would become an exception for women to be at universities, is now, I think it is fair to say, about 20 years old. Yet last year, just using the number, we saw more of a movement from 1980 to 1981 than we did from 1981 to 1982.

The upward movement—I grant you it is upward; I would be appalled if it were downward as it was a few years ago—is really only from 10.3 to 11.1 per cent; that is eight tenths of one per cent. As has been suggested by my friends in another area in affirmative action, it is not a 13,000-year project, but it is certainly a very substantially long project to get it even into a reasonable range.

Let me ask the minister, in a general sense, if he is satisfied with that increase of eight tenths of one per cent last year? I am keeping in mind the hiring freeze and so on, but it seems to me we are not moving very quickly. If not, what are we doing to accelerate it?

Hon. Mr. Ramsay: No, of course I am not satisfied, and I am sure my people are not satisfied. Naturally, we would like to see a

higher figure because that is our objective, but we feel that the figures that are illustrated there indicate a definite trend and we feel that progress is being made. If you have a hockey team, you are striving to win every game. You may win only 60 per cent and be satisfied and it might put you into second place in the league, but you are not going to be satisfied with that position because you want to be number one.

That is exactly the same way we feel. We want to move as quickly as possible but sometimes it is not possible to do so. On balance, we feel that we are making good progress.

Mr. Wrye: Are you making any specific effort to attack the problem of the lower pay levels and the gap; 72 per cent remains about constant? I think you mentioned in your opening statement that you maintained a 72 per cent level. Have you begun any kind of a program where you identify ministries where the problem is an extreme one to see what you can do?

Ms. Speakman: Actually, the wage gap has decreased this year by 1.6 per cent, if you look at table 3.

Could I just go back on one point in terms of senior women? Those figures are average salaries and numbers at higher levels in the salary ranges. If I could draw your attention to the very last page on that handout, it gives you some breakdown on the executive compensation plan figures, including this year where we have given you competition figures.

I think you can see the kinds of things we are up against in increasing the numbers of women at those very senior levels. The number of competitions was reduced from 45 to 23 over a one-year period, yet the women's success rate was increased from 8.2 to 25.8 per cent in that year due to some initiatives which had been undertaken by the senior appointments advisory committee and the senior appointments compensation unit at the Civil Service Commission.

We are doing as much as we can do and we are trying to increase the initiatives in that area to increase the numbers, but when you average those salaries out across the board, of course, you do not get as good a picture.

Mr. Wrye: But those would not be the executive compensation, the competition; those would not be only those over \$32,000.

10:40 a.m.

Ms. Speakman: They would be from—

Mr. Wrye: They would not be the only changes in that whole range of 80,000 employees.

Ms. Speakman: No, certainly not. We are also going to be publishing competition figures for all of the underrepresented areas this year. We are finalizing them now.

The same kind of trend is appearing: that women are being interviewed and selected in proportion to applications at a higher rate than men are. It does take a lot of time and the competitions for vacancies are down. So if progress is being made, however slowly, we are hopeful that we are getting somewhere with the program.

In the private sector and in other jurisdictions, we are finding that things are rather static or they are dropping back.

Mr. Wrye: I am sorry, in the private sector?

Ms. Speakman: In the private sector and in figures that we have for some other jurisdictions, we are finding that the wage gap is the same or is increasing. Average salaries are staying pretty much the same; they are not increasing for women. Women are not moving up in the hierarchy at as quick a rate as we are in the public service, especially at the senior levels. The federal government, for example, does not have as many senior women as we do in proportion to males.

You cannot take a few figures in isolation and say that gives the whole picture for the affirmative action program. We feel that if you take these figures and look at the steady progress being made in all areas—except for the technical field which is extremely difficult to get women into—it is moving.

However, maybe we could go back to your original question.

Mr. Wrye: All right. I just quickly glanced at table 3. I am sure the minister is still distressed by the fact that while the women's average salary as a percentage of the men's average salary, service-wide, is now 73.6, you are still pulling down the average. You are only at 68.7, but there has been within the Ministry of Labour over the last four or five years, a 10 per cent upward movement. The overall movement has been only 3.1 per cent.

What initiatives are you taking to attack the problem in the Ministry of the Solicitor General, for example, where the wage gap, women's wages as a percentage of men's, was 59.8 per cent in 1978, and where we have made such great strides that it was 58.8 in 1982?

Hon. Mr. Ramsay: Do those figures include the Ontario Provincial Police and so on?

Ms. Speakman: Yes, they include the law enforcement category.

Mr. Wrye: What is being done to identify certain ministries? You do not have to read too carefully to find where the problem is.

Ms. Speakman: I came into this position year ago. We are really in just the second or third year of analysing these types of statistics based on the new targeting process.

We are trying to identify the factors which appear to affect the wage gap within the service, and we are finding that in ministries which have a very large male population, in either technical or professional areas, or in an area where there is very strong collective bargaining, such as the law enforcement area, there tends to be a great deal more difficulty in attacking wage gaps simply because there are very few women. The first problem is not to attack the wage gap directly, but to get more women into those categories.

We are identifying the types of initiatives we can impose on ministries, but at the moment they are free to choose their own priority. The Ministry of Government Services, for example, can decide it is going to attack the trades area this year and that is going to be its main priority. We don't give them guidance or direction on where their priorities should be. It's a free choice.

Now we have two to three years of results we are looking at options of grouping together certain ministries with common problems and saying, "This year, perhaps as a corporate effort you should look at the trades area." To this other group of ministries we might say, "You should look at the correctional group." That would only be two ministries. Or, "Would you look at the institutional care group?" which would involve the ministries of Health, Community and Social Services and so on.

We're trying to focus specifically on those problems rather than giving the ministries free rein to choose their own priorities.

Mr. Armstrong: I just wonder whether you might describe for Mr. Wrye the way in which the women's advisers and the ministers operate collegially. They meet as a group—you are ex officio a member of that group—and they talk about problems within specific ministries and strategies for solving the problems that emerge in the statistics.

Ms. Speakman: There is an affirmative action council which has a constitution. It's an official body which is made up of all the affirmative

tion program managers from the ministries. I am an ex officio member of that committee. They meet once a month and they have several ongoing task forces which deal with specific problems.

For example, our regional delivery task force is very active. One of the major problems for regionalized ministries is developing a program which will provide some sort of affirmative action, equal opportunity initiatives for women in two-person offices where there is nothing else around.

That's part of the problem with the Ontario Provincial Police. The women who are there tend to be the only women in a whole area. The regional delivery task force is identifying problems of delivering the program to these women in the regions. They set up workshops on a variety of subjects and take them out to the regions.

Another one is what we call the small ministries task force. It's looking at common problems of targeting; common problems of identifying potential targets for small ministries where the turnover is small and the number of women is extremely small. Based on the formula we have for targeting, they can't develop anything. That task force is also very active, and I myself or one of my staff members is on each of those task forces. Again, each affirmative action program manager will be developing within her ministry her own program which tackles their individual problems.

We're finding, for example, that ministries that are traditionally male ministries have a much longer way to go before they even catch up with the other ministries. For example, the Ministry of Transportation and Communications is traditionally male in the engineering and technical field. Until recently, there were very few women available for those fields. Before they can even start making an attack on the wage gap, they have to get a lot more women into those jobs.

Each ministry is a different picture with a different profile.

Mr. Mackenzie: What bothers me a little bit is that if I'm reading the charts correctly—maybe I am in error and you can correct me—in 1981 in the Ontario public service only 5.5 per cent had earnings in excess of \$25,000. That's 1981 I'm talking about now; 5.5 per cent compared to 25.2 per cent of men. I look at these figures here and they tell me that there has been a substantial jump from 5.5 to 9.2 per cent in the number of

women who are earning more than \$25,000. Am I reading that correctly?

Ms. Speakman: Are you looking at the subtotals now?

10:50 a.m.

Mr. Mackenzie: That's correct. I'm looking at the \$25,000 to \$26,999 range, the \$27,000 to \$28,999, the \$29,000 to \$31,999 and then the higher one, the \$32,000 to \$59,000 range. I don't know whether you have the 1981 figures in front of you or not. I find the increase from 1981 to 1982 was 5.5 per cent. I think that's the percentage increase you show.

That's why I think I'm on the right figures. I'm gathering that percentage difference from 1981 is the increase, and it matches the percentage or the figures I have.

The point I want to make though—if I am reading it correctly, and I think I am—is that while you have gone from 5.5 to 9.2 per cent in over-\$25,000 income, you have gone from 25.2 per cent of the men to 38.8 per cent. That's a substantially bigger jump among the men.

If you take a look at the other side of the coin, under \$15,000—it's harder to read because you use \$16,999 in the classification now—you've gone from approximately 55 per cent of the women earning less than \$15,000 in 1981, which is now down drastically to what I guess would work out to 24.9 per cent. If you use the new range—and there is some automatic progression—of \$16,999, it's actually up to 62.2 per cent. The number of men under \$15,000 used to be 10 per cent. It's now down to three per cent.

The point I am simply making is that, sure, you can argue and use generalities. There is the overall argument on figures that even the deputy minister made in the last comments I had on the part-time people. But that tells me that while, yes, there is some progress there, there is substantially more progress in the number of men who have moved up into the higher classifications. I don't know how you argue with that.

I suppose there is a general defence against it, but while you've gone from 5.5 per cent to 9.2 per cent of the women who now make better than \$25,000, you have gone from 25 per cent to 38 per cent of the men who are in that classification. It sure doesn't give me a heck of a lot of confidence—much as I appreciate any move that's there—that we're narrowing any real gaps.

Those are, as I read them, the figures you've given us.

Ms. Speakman: I think we are narrowing quite a number of gaps. The wage gap, particularly, in one year has had the biggest decrease we've ever had. It's very difficult—

Mr. Mackenzie: The gap has grown in terms of the number of women workers as opposed to male workers who are in the higher classifications; the percentage who are in the Ontario public service.

Mr. Wrye: I think what my friend is getting at is that this may be an affirmative action initiative, but if there were to be a dramatic attack on the gap, surely we would see a much more dramatic increase of women being moved into the upper echelons.

Excluding those ministries which, as you say—and there is a real problem, as there is in society in general—are male dominated, mainly technical ministries such as the ministries of Transportation and Communications and Energy, which, I notice, retains the greatest gap, there are a number of ministries which are not at all your own where the gap has significantly narrowed.

Perhaps that is as a result of a concerted effort on your ministry's part. The increase at the upper end, while it has moved from 5.5 per cent to 9.2 per cent—a four per cent increase over one year—for women is not very large when one considers that wages for men have gone up 13 or 14 per cent.

I am not trying to deny males the increase, but—I almost feel embarrassed saying this as a male—we really have, in a sense, lived off the avails of women being discriminated against for long enough. I don't see that those kinds of figures really prove we're serious about narrowing the gap.

Ms. Speakman: I think I should remind you what the program was designed to do. The program was designed as a long-term effort to redistribute women into different occupations. It was not designed specifically to attack the wage gap directly. It was a long-term redistribution effort. That is proving very difficult in retraining, in getting people into the government when there are hiring freezes on. But there is an enormous number of women getting staff development, getting accelerated career development. We publish, as you know, figures on that every year. It is a fairly significant commitment on the part of the management of the Ontario government to afford those opportunities to women.

The accelerated career development oppor-

tunities are running around four to five per cent of all women in the service. That is over and above normal staff development. The results of those types of things will not appear in one year or two years or even three. I would say they will take anything from 10 years and upwards to take full effect.

Mr. Wrye: You used that 45 per cent figure. am trying to remember the—

Ms. Speakman: I am sorry, four to five per cent of all women.

Mr. Wrye: Do you mean 42.5?

Ms. Speakman: No, four to five.

Mr. Wrye: I don't know whether you have any new figures and I do not have the figures with me, but in terms of training dollars for upgrading retraining and accelerated career development what is the differential between the amount being poured into those in the public service who are male and those who are female?

It seemed to me, given that you want to move ahead in the female area and narrow that gap the last figures I saw were really very strongly male-dominated. Have we narrowed there?

Ms. Speakman: It is narrowing. It is still very much male-dominated in the ongoing staff development activity. Again, I should point out that those figures are entirely separate from any accelerated career development that we undertake for women.

Women receive about 28 per cent of the expenditure on staff development now, which is an increase. They get only 53 per cent of the dollars spent per male as opposed to per female. Women's participation rate is increasing. For example, 47 per cent of the participants were women. They have been increasing their participation rate in the managerial and supervisory courses, and that is a trend we are hoping to encourage.

We have sent a letter to all the deputy ministers pointing out some of the issues in terms of staff development, giving comparative figures for men and women and asking them to take these into account when they are allocating staff development dollars. We are taking extra initiatives there.

One of the other reasons why the expenditures appear less for women is that many of the staff development activities for women undertaken within a ministry are funded through the affirmative action program. Some of them are done on a shared basis between ministries and they do not cost nearly as much as many of the courses that the men take. We are trying to

back some of these figures down, and that is why we show participant rates in some of our results, because participant rates tell you how many people are going on courses. The costs of them may or may not be significant, simply because of the way that courses are funded.

Mr. Wrye: I am interested in that 53 per cent figure. I had the opportunity, when I was in my former vocation with the Canadian Broadcasting Corp., to attend a number of training and career development seminars as a producer. I guess it has been my experience that as much as a large seminar—and you have identified that, where you would get a large grouping of women—as useful, the most useful career development I had was in smaller groups, sometimes almost down to one on one. Those cost money, and it seems to me that is maybe what is happening.

1 a.m.

I am really concerned in that we are trying to narrow the gap and we are spending only 53 per cent of the career development funds on women. For every \$100 we are spending on men we are spending only \$53 on women. That does not sound like a really serious attempt—I would not use the upper end but at the middle, that \$20,000 to \$25,000 range—to move those women out of that existing ghetto in the middle and into those senior positions.

I wonder whether the minister is taking any look at pouring some new dollars into career development for women, aimed directly at women?

Hon. Mr. Ramsay: Mr. Wrye, as you well know, there are no new dollars available these days, but we will certainly look at reallocating some of our dollars.

Mr. Wrye: Are you looking at reallocating those dollars?

Hon. Mr. Ramsay: We are always looking at reallocating the dollars within our ministry to attack those areas that require attention.

Mr. Wrye: Do you have any concern over the fact that for every \$53 spent on women—and I understand there is a differential; 40,000 men in the civil service as opposed to 28,000 women—that that is not a one in two ratio and yet that is the way the dollars are being handled?

Hon. Mr. Ramsay: The answer, very simply and very briefly, is yes.

Mr. Wrye: I do not want to prolong this because I know Elie Martel has about a 16-hour opening statement. I will keep this going until he gets back.

Hon. Mr. Ramsay: The 21-gun salute we are getting up there is—

Mr. Wrye: That is right. That is in anticipation of Elie's opening statement.

On affirmative action, let me just make sure—

Mr. Mackenzie: Should we not deal then with the vote on affirmative action? I thought you were dealing with the quality of working life, I am sorry.

Mr. Wrye: No. If I can turn to affirmative action I just want to make sure I have this clear in my mind. In the development of affirmative action strategies, you have another 34 major employers?

Hon. Mr. Ramsay: That is correct.

Mr. Wrye: So that brings the number to 204, and that is out of 896. Is that correct?

Hon. Mr. Ramsay: Yes.

Mr. Wrye: Let me just get this clear. When did this program begin?

Ms. Roberts: In 1976.

Mr. Wrye: That is what I thought. I really don't know how to come at this except to suggest to the minister that if an affirmative action program which after seven years could only sport a .222 batting average were a shortstop, he would be on his way to the minor leagues and there would be a replacement brought up.

Hon. Mr. Ramsay: Not if you are a shortstop. Maybe if you were a third baseman or a first baseman. A shortstop could play in the league at that average.

Mr. Wrye: Or the program would be sitting on the bench.

Mr. Mackenzie: All that proves is that you are a better baseball player than—

Mr. Wrye: Well, if he thinks .222 is enough he must be a Blue Jay fan.

I have to ask the minister when are we going to get serious about this in the light of the fact that approximately 22 per cent of the major employers only—and that is the group you have gone after; that has been your targeted group—after seven years have adopted an affirmative action strategy?

There was a comment last night—and I do not want to be critical of it because it may well work with some of those employers and I do not want to be critical of any employer who has adopted the strategy—that, as I understand it, there is not even a final job-targeting strategy,

even among those 204. If we have 204 in place, we have 692 that are not in place. When are we going to get them in place?

Hon. Mr. Ramsay: I think I can answer that quite easily, Mr. Wrye.

The program started in 1976; that is correct. It always takes a while to get it off the ground as there are delays at the beginning, but if you look at the figures over the years you will find that there has been an acceleration.

Also, and this is the important part, bear in mind that we have added 10 people to that program. We are anticipating an even greater acceleration and we are putting extra resources on that program so that we can improve those figures.

Ms. Roberts: One of the strategies being adopted now is to find ways to contact more employers at once and, as I indicated last night, to encourage them to promote the concept among each other.

The Advisory Council on Equal Opportunity for Women has met with employer associations from both the public and the private sector. They intend to maintain contact with those groups on an ongoing basis. I think that is going to be helpful. We are getting an indication now that the whole concept is being accepted in some quarters more seriously, and I am looking to that to bring more results. Certainly, with increased resources, I would expect and intend to make sure that we cover the remaining portion of the upper level of employers.

Hon. Mr. Ramsay: Is it not correct, also, that the network concept helps the acceleration process?

Ms. Roberts: Yes. That has certainly been helpful in terms of allowing the persons appointed by a number of the companies with affirmative action to come together and to share their problems and their solutions and to maintain a sense of collegiality, which is helpful in this very difficult area. As you know, it is a complex one.

I would also note, however, that I think there have been some success stories that perhaps have not had enough highlighting. I think the Toronto Transit Commission is one of them in that in 1969 it did not have any women involved in driving vehicles, yet in this last three years the TTC has moved to 68, with 30 in training. I think that needs to be examined. That is a major kind of increase. Even though those numbers are small, that is obviously a trend that is going to be ongoing.

That is the sort of thing that is happening.

When you are talking about targets, the TTC for example, has not got a target, as far as I know, of the exact numbers. They are just maintaining a number of programs that are having success and they are making sure that women are included in vehicular traffic.

Mr. Wrye: I noticed that of the 204 who are in the program, 150 are private and the other 50 are government-related at one level or the other, school boards, the TTC, etc. Of the 896 major employers, how many of those are private and how many are government-related, if I can use that term?

Ms. Roberts: There are 302 from the private sector; that is from 500 to 999. Altogether there are 663 that are over 500.

Mr. Wrye: So we are looking at the other 233?

Ms. Roberts: Yes.

Mr. Wrye: In government and government-related groupings, there are 233, and of that after six or seven years of this program, you have reached out and grabbed on to 54, a batting average of about .183. It seems to me that may be the group to start with.

I do not want to be critical of a voluntary affirmative action program, but I have to say, and I think that you would agree—I suggest that your Advisory Council on Equal Opportunity for Women suggested that—in essence, after seven years the failure is obvious.

Hon. Mr. Ramsay: Maybe I could make an observation. I really am hesitant to blame everything on the recession, but I firmly believe that if we had not had a downturn in our economy, the increase in the private sector would have been considerably more significant.

11:10 a.m.

Ms. Roberts: I think one of the reasons mainly for the heavy concentration of private sector companies is that that was the group that met with the Premier (Mr. Davis) at the outset of this program and that identified itself as a discrete and approachable group. That one was followed through pretty closely, so the concentration was initially, for perhaps the first three or four years of the program, on that group of private sector employers.

At this point, over the past year and certainly on an ongoing basis, we have targeted specific areas for our attention. Coming up are the school boards, which have been on our target list for the past couple of years, and municipalities, specifically because they are publicly funded. So we are looking at school boards and

municipalities and from the private sector specifically those engaged in computer-related activities.

We are targeting now and developing program support specifically geared to assistance. For example, last year we produced an affirmative action guide specifically designed for school boards. This year there is one for municipalities that is being developed and will be available shortly.

All of that is encouraging and, along with work with the associations, I think it is going to have some positive results.

Mr. Wrye: How many new major employers do we expect to adopt affirmative action programs in calendar 1983, Mr. Minister? What is your target?

Hon. Mr. Ramsay: What is our target?

Ms. Roberts: We are hoping for 55. I am saying that out loud but that is our target. We would like to look at 55 and possibly more. Again, that is taking into account all of the factors that are operating in the society at large.

Mr. Wrye: Mr. Minister, if I may, I will read from your opening statement very briefly, from an area in it that bothered me. Beginning on page 127, you said: "The government is equally committed to ensuring that equal opportunity is a reality for women in the private sector. The promotion of affirmative action among private sector employers is a primary endeavour of the women's bureau. In order to assess the affirmative action activities of its growing client group of employers, the bureau has conducted a second survey of 342 of Ontario's organizations employing 500 people or more. The results show that 100 of the 198 employers who responded reported involvement in the affirmative action policies and activities."

What about the 146 that did not respond?

Ms. Roberts: As I mentioned last night, we are going to be moving after those this year to make sure that they respond. We chased them last year. A number of those responded after the results were tabulated and they were late coming in. In others, we followed up reasons for non-response and I think we were able to deal with that and make sure that we have, indeed, a higher response rate.

We are, for example, working at this through our network system, where the people who represent the companies meet with us three or four times a year, and we are making sure that they are fully aware of the need for this survey. As well, the minister is sending these results

with a letter. He is sending the survey to the chief executive officers of all the 342 organizations that were surveyed, indicating the very definite need for their response.

Hon. Mr. Ramsay: Incidentally, may I just interject that last evening Ms. Robert indicated it was a strongly worded letter, and I thought it was. I went back this morning and looked at the draft, just to make sure that it was strongly worded. I would be happy to table that letter with you.

Mr. Wrye: It would be useful if you would.

Hon. Mr. Ramsay: The point we are trying to make in there is that if employers want to avoid mandatory affirmative action, they are going to have to show some tangible results.

Mr. Wrye: I suppose that is exactly the point. On page 135 of your opening statement, you said, referring to the Advisory Council on Equal Opportunity for Women, "Last spring the council submitted to me its Three-Year Report on Affirmative Action, which contained a number of recommendations, one of which related to mandatory affirmative action." It was not just "one of which," it was kind of an important one. "In my response to council members, I said that while I clearly recognized the need for employers to increase their efforts to promote equal opportunity, I believe that it is preferable to continue to encourage voluntary action."

I would say again at the outset that I am not ever—and I suppose if there is a conservative bent in me, this is it, and I am trying to get rid of it—

Hon. Mr. Ramsay: I hope Hansard gets that.

Mr. Wrye: As I said, I am trying to get rid of it. I am not one who would wish to see the government get involved where it is not necessary to get involved, and you clearly believe in that. You said, "I believe that it is preferable to continue to encourage voluntary action."

For how much longer and at what point do you think you would have to rethink your policies? What lack of tangible results would cause this ministry to begin to rethink its policy of voluntary affirmative action? I know the employers are against it. I have seen the latest surveys from the Canadian Organization of Small Business and others, but the voluntary approach, with respect, does not appear to have been a smashing success so far. How much longer is it going to continue and what would cause you to rethink your position? You are the minister, for a little while at any rate.

Hon. Mr. Ramsay: I think we would start rethinking our position if we began to see a status quo situation and a lack of progress, and that is why we do identify considerable progress in this respect. You and I are going to disagree on the measure and the degree of progress, but it is there. As I said earlier, I am firmly convinced that if we had not had the downturn in the work place, we would be further advanced than we are at the present time.

Mr. Wrye: The suggestion has been made that the target this year is 55 new affirmative action programs, which would bring us to about 260 out of the 896. What would happen—I hate to try to make you speculate—if we got 25? Would that cause you to start rethinking your position?

Hon. Mr. Ramsay: It would depend on the conditions within the period of time that we are trying to reach those 85.

Ms. Roberts: Also, one of the other factors that we are looking at much more closely now, and we had not really before, is the number of women affected. That, after all, is the purpose of the whole exercise. We have identified approximately 15 per cent of the work force now being covered by affirmative action strategies under our purview. Suppose we did have 25 companies. It might be that they were major companies which employed large numbers of women and absorbed our resources to the extent that we could not move to other areas. However, I would consider that a success rate if we can raise the numbers of women involved.

Mr. Wrye: It is an interesting point and I think you have touched on a valid area. Of the first 204, how does that group break out in terms of the number of women who are working for them? Are they, in fact, top heavy with women employees as opposed to those who are still outside the program? Is that a general trend?

Ms. Roberts: Some are. Insurance companies, for example, tend to have more women than men or an even split. In general, most organizations seem to have between a third and a half; very few have more than half. At this point, we have identified about 266,000 women who are involved.

Mr. Wrye: On the breakdown between private and government-oriented, in light of the fact that there have been a lot of recommendations to toughen up affirmative action or move to mandatory affirmative action, why would you not take a look at trying that within government organizations? Surely those who are in receipt

of taxpayers' dollars ought to be the first to respond; yet, by the figures you have given me, they actually seem to be a little behind private industry per se. Why wouldn't you choose to toughen up your approach perhaps with them?

Hon. Mr. Ramsay: You are talking about contract compliance, are you?

Mr. Wrye: No, affirmative action within the public sector itself, within school boards, within municipal councils. Why wouldn't you say to them, "We have a three- or a four-year target, and if everybody isn't on line in four years, we will bring them into line because it cannot go on forever"?

11:20 a.m.

Hon. Mr. Ramsay: I cannot believe you are saying that. You are saying that provincial governments should intervene with the municipalities and the school boards even more than they do now. I do not really think you believe that, do you?

Mr. Wrye: I think that is what I said. You intervene in a lot of other areas, most of which they don't like, and that doesn't seem to bother the provincial government.

Hon. Mr. Ramsay: And some I also don't agree with.

Mr. Wrye: To use the example of school boards, they receive a lot of money from the provincial coffers, from those who pay taxes provincially. They don't receive enough, but that is an argument for another time. We will go into that during the Ministry of Education estimates. Why, when you provide 50 cents on the dollar, don't you suggest to the school boards in very strong terms that if they are not in compliance with your voluntary affirmative action program, they ought to be?

Hon. Mr. Ramsay: We are suggesting that we are not satisfied with the results, but I don't think we are coming down with a heavy hand and saying that we are going to take Draconian steps if they don't comply. I think their record of compliance has been pretty fair.

Mr. Wrye: We had a number here of 54 out of 233.

Hon. Mr. Ramsay: I may have been wrong when I made this statement in the House—Ms. Roberts can correct me—but the emphasis on the school boards has been a recent one, has it not?

Ms. Roberts: Yes, for the last couple of years. We have 25 school boards involved at the moment out of approximately 100. We are also

interacting with the Ministry of Education, which has issued directives to school boards to become involved. As well, we are working very closely with the federations, specifically with the Federation of Women Teachers of Ontario, which has done a lot of work in targeting this area. The women's bureau and the Federation of Women Teachers have done a lot, I think, to move school boards towards addressing the need to change the situation for women teachers. That is happening.

There is the other operating factor there in that the numbers of jobs, the availability for promotion, is decreasing at drastic rates in most school boards in the province, so it isn't easy.

Hon. Mr. Ramsay: I would just like to emphasize the point Ms. Roberts made because I feel strongly about it. There is a good example of co-operation between the interest groups and the efforts of our ministry. There have been some excellent pamphlets and a film produced, has there not?

Ms. Roberts: Yes.

Hon. Mr. Ramsay: There have been a lot of things done in this respect.

Mr. Wrye: The Ontario Manpower Commission report on employment strategies that you are waiting for should be in your hands in two or three months?

Hon. Mr. Ramsay: I think we said June, did we not?

Mr. Wrye: Yes. Is it likely to take a look at affirmative action?

Hon. Mr. Ramsay: I think it will.

Mr. Wrye: I am not trying to put you on the spot and ask for an instant decision, but I think the disappointment might have been in terms of the earlier report of the advisory council. As you say, they said, "If you do not want to go along with it, here are some other ideas you might adopt."

If the Ontario Manpower Commission were to recommend mandatory affirmative action, or something akin to it, would you be inclined to stop and take another look at your approach?

Hon. Mr. Ramsay: I have a wide open mind; I have said this all along. I will take a look at anything. I am a firm believer in consultation. I am a little disappointed that some of the initial meetings with the interest groups were on a confrontation basis rather than a consultation. I hope to correct that circumstance in the months to come. When I say that, I'm not being critical of the groups. Don't get me wrong.

Mr. Mackenzie: Will that \$300,000 for affirmative action programs be spent this year? I don't want an explanation on it. I just noticed that we budgeted it last year and didn't spend it. If we are going to get into any delays, I don't want—

Ms. Speakman: No, I won't delay it. It may not actually be spent because it's a contingency fund. If the ministries or Management Board of Cabinet decide to absorb the expenditures that have taken place, they don't use that fund. It's an accounting system.

Mr. Mackenzie: It has really been covered by others, so it's just \$300,000 there that we're not going to use?

Ms. Speakman: Yes. We are going back to Management Board with options for different usage of that money.

Hon. Mr. Ramsay: We don't want to lose it.

Vote 2303 agreed to.

On vote 2302, industrial relations program; item 4, quality of working life:

Mr. Chairman: Unless I am wrong, I think we are back on vote 2302, item 4, with Mr. Wrye leading off.

Mr. Wrye: I am going to be brief on this because I know our friend wants to get on to his opening statement. You had a brief section in your opening statement, Mr. Minister, on the quality of working life.

Hon. Mr. Ramsay: We have Dr. Hans Van Beinum here. Perhaps he would come forward.

Mr. Wrye: I would like to ask what guidelines or criteria you're working under and what measurable objectives you are looking at in terms of the centre.

Dr. Van Beinum: Our approach consists of a number of program areas. The major program areas are concerned with facilitating the development of programs and projects in industry to improve the quality of working life. By that we mean trying to increase the involvement of workers in the decision-making process affecting their work. At present, we are involved in 14 projects which are all based on the joint involvement of management and unions. All projects are managed by joint union-management steering committees.

In addition, we have an educational program which is also a backup program for the field projects in different organizations. Linked to that, we have an information service which collects information. It is used for our educational programs and to diffuse information in

general about developments in these fields by means of a publication program and news journals. The major thrust of our work is in trying to promote, initiate and assist with the monitoring and to assist with the evaluation of projects in the field in actual work settings.

Mr. Wrye: The minister in his opening statement identified—I think correctly—some of the problems the two sides face. From labour's point of view, quality of working life has been often regarded as simply a management tactic to circumvent the lawful bargaining agent and create a climate in which the union's role may be reduced. The real purpose from management's point of view is to increase productivity. From management's point of view, quality of working life demands flexibility in managerial style.

Are you having any success in overcoming the natural suspicions the two sides will have, and where would be the larger area of resistance from your point of view today?

11:30 a.m.

Dr. Van Beinum: I do think we are making real progress in overcoming resistance and increasing understanding of this area. Local management and local unions and workers jointly become engaged in looking for opportunities to improve the quality of working life in that particular work setting. By working together, that process in itself helps to increase understanding, to agree jointly on guidelines, on rules and on formulating objectives. Both parties engage in the process where they, as a result of joint control, learn to identify areas where collaboration is possible. One is not used against the other.

Mr. Wrye: Have you been able to quantify any identifiable area of resistance and any steps to overcome it, or are you forced to kind of stand back and await the initiatives of both parties?

Dr. Van Beinum: First, we cannot superimpose anything.

Mr. Wrye: No.

Dr. Van Beinum: What we do is to facilitate. The initiatives come from both union and management. Sure, we can see areas of resistance. On the union side, sometimes there is the suspicion that it may be used to reduce the role of the union. On the management side, there may be suspicion because they may feel it may weaken the role of management. On the workers' side, there may be suspicion because they

may feel uncertain about changes of a structural kind which may occur.

Middle management is often uncertain because they feel that the reallocation of control and co-ordination in the work place, which means more control by workers over their own work situation—may means a shift downwards of authority. There is resistance there, sure. The best way to overcome the resistance is to engage in the process and to learn, once you're going along, how to deal with it.

Mr. Wrye: Does the centre take any initiatives of its own, once it gets inquiries, to attempt to get the parties to take a look at the program, or do the two have to come to you? Is that the only basis on which they can get involved with the program, or do you take any kind of initiatives yourself?

Dr. Van Beinum: We take initiatives in the area of education, for instance. Union and management representatives come to our introductory seminars. That is a way of taking initiatives in the Ontario environment. As far as doing projects is concerned, the initiative has to come from either management or union or both.

Mr. Wrye: Have you been able to put together any material based on successes you have had? The minister indicated there were 16 active field projects. You mentioned you had 14.

Dr. Van Beinum: At present we are involved in 14. We have been involved in 16.

Mr. Wrye: Some of the projects, presumably, are no longer ongoing and have been concluded successfully. Would that be fair? Is there any attempt to take a success story and use that as a selling point to convince the two sides, which have that ingrained suspicion, that from a union and from a management perspective at this company which has already been through the project, that it can work?

Dr. Van Beinum: First, not one company has been through the project because those projects are, in a way, never ending. When you engage in the process, it never stops. However, we are beginning a write-up of our experiences with various projects. We hope to be able to identify a number of projects in the next few weeks. We have allocated some resources to have appropriate projects written up and we hope to come out with a publication some time in the next year. It will probably be in the autumn of 1983, the next financial year.

Mr. Wrye: Under the vote we're on, I see the estimate for the cost of the program in 1982-83 is

\$850,000 or so. That is almost \$200,000 higher than the 1981-82 estimates. The last actual spending we have is just over \$600,000 in 1980-81. Does that increase indicate there is a larger staff or that the number of projects is picking up?

Dr. Van Beinum: It means more projects, many more educational events and it also means more staff. We have two more professionals on our staff working with field projects and engaged in educational events.

Hon. Mr. Ramsay: May I just speak to that point? At this time last year or a little earlier than this, I was the Provincial Secretary for Resources Development involved in the allocation process. The bottom line is that the quality of working life was cut out of an original allocation. I ran into the biggest hornet's nest I have ever run into, not just from ministry personnel, but from the other people who are associated with the quality of working life program, from the Premier (Mr. Davis) on down. He has a great deal of affection and respect for this particular program.

There is an advisory committee for the quality of working life that is made up of labour and management. It includes some of the top people from labour—Bob White, Cliff Pilkey and so on—and some of the most prominent chief executive officers in the province. That advisory committee, incidentally, is chaired by Mr. Armstrong. It wasn't coincident with the allocation process, but I do know that last year the advisory committee met with the Premier and I was in attendance. At that time, they emphasized to the Premier just how important the program was and the necessity for appropriate funding for it, the necessity for moral support for it and so on. I just wanted to make those observations when you talk about the \$850,000 that is allocated to it.

Mr. Wrye: Then the \$850,000, in a sense, recognizes something of an initiative to give Dr. Van Beinum more staff and more resources to begin to speed up the process?

Hon. Mr. Ramsay: Yes. It should also be mentioned—this was before my time—there was a quality of working life worldwide conference held here in Toronto. A lot of the arrangements were made by our people. In three weeks time a group from Finland—or is it Norway?—is coming over here—

Dr. Van Beinum: Norway.

Hon. Mr. Ramsay: —to observe the work of our quality of working life program. A great

deal of consultation goes on between countries on this type of approach. I think it goes back to what we were talking about last night. Mr. Mancini raised the question of innovative measures being taken in labour and management. I think this is certainly an area that answers Mr. Mancini's concerns.

Mr. Wrye: Is there a cost to the program in terms of the use of personnel? Is there a cost to management or labour beyond the normal cost of, I presume, some overtime?

11:40 a.m.

Dr. Van Beinum: That is considerable, but we do not charge the cost of management and labour in terms of overtime and allocation of internal resources, both union and management. It is carried by the client system.

Mr. Sweeney: I have just one small supplementary, Mr. Chairman. Is there any evidence to show in the areas where you have success cases—to use your words—that there is a spin-off in the relationship between labour and management beyond the quality of the particular issue? For example, is there any evidence to show that when a company has to make major decisions, the employees are involved to a greater extent in those companies than they are in others? Have you been at it long enough to be able to detect that?

Dr. Van Beinum: I think there is clear evidence of that in some cases. There are other indicators of better relations in terms of reduced grievances. I think it helps reduce unnecessary conflict. You get a more transparent situation which I think helps develop a more mature industrial relationship.

Mr. Sweeney: Is this also true in other jurisdictions with which you have contact? Is there any kind of a trend in that direction or is it just a scattered example here and there which may not show a trend?

Dr. Van Beinum: In countries where there is more experience and where these programs are more widespread, I think there is clear evidence in that direction. It is difficult to say anything about this in Canada because we are the only province that has such a program.

Mr. Sweeney: Would it be fair to say then, even at this early stage, that there is sufficient evidence of other spinoff benefits that it is worth while putting more effort and more time into your starting point because it is going to lead to other advantages as well?

Dr. Van Beinum: Yes. The experiences in Norway and Sweden show that clearly. You will be interested to know—the minister referred to it—that in a few weeks' time, the Royal Commission on Industrial Democracy of Norway will be visiting. It is a union-management royal commission which develops industrial democracy programs. They are coming to visit us to see what our experience has been and to engage in an exchange of views.

Mr. Sweeney: Where such a program has been started in a particular country and it is showing evidence of not being too successful, is there any one major reason why that is so? Can you pin-point the problem area, or are they so varied that there is no particular focus?

Dr. Van Beinum: I cannot indentify the major reason, but I can identify a major reason. A major difficulty occurs when a project develops from taking initiatives, say, from the phase of initiating to sustaining and diffusing. A major difficulty is then to translate local experiences in a plant in terms of overall corporate policy, overall company policy.

One of the major difficulties is that when structural changes take place on the shop floor, it will affect the managerial infrastructure and one may become involved in a redefinition of authoritative middle management. That is very often a major difficulty because it means a redefinition of managerial roles and responsibilities.

Mr. Sweeney: So it is middle management as opposed to top management where the major problem could arise.

Dr. Van Beinum: It could. One has to be careful; we shouldn't generalize, but that is very often the case. It is a very difficult area.

Mr. Wrye: You talked about the group coming in from Norway. How closely have you been able to work with other similar groups from other jurisdictions? Have you found their experience is the same as yours, or is there something in terms of the problems of moving in this area unique to North America, unique to Canada or Ontario?

Dr. Beinum: Each country has its own peculiarities. In the 1960s and 1970s I was involved in developing programs in Norway, Sweden, Holland and England. One can detect clear similarities. The similarities, usually, have to do with the area of diffusion and sustaining the projects, when you are faced with the difficulty of translating local experiences in more general organization policy characteristics. Then you

get some features which are universal, such as the issue of middle management. Translating local experience in terms of overall company policy is another major issue. Slowly, we are hitting those issues. It takes a few years before they emerge, but they are emerging now.

Mr. Chairman: Is there anything else on item 4 of vote 2302?

Vote 2302 agreed to.

On vote 2304, occupational health and safety program:

Mr. Wrye: Mr. Chairman, I know he has been waiting patiently, so I would like to defer to my friend the member for Sudbury East (Mr. Martel).

Mr. Kolyn: You will be sorry.

Mr. Wrye: Probably, but he has been talking to me in the House—he sits right next to me. He said, "Please, I have got a lot of things to say."

Mr. Martel: Thank you, Mr. Wrye and Mr. Chairman. I have a few little things I want to say. I will begin by referring to the fact that last year we attempted, with a modicum of information, to outline the problems we saw with occupational health. We zeroed in on the internal responsibility system for active enforcement, toxic substances prosecutions and some general failures of the act to protect workers based on material we had received from a few unions representing a fairly substantial number of workers.

I was delighted when the minister responded last year and said, "This is not an accurate description of the concept, nor does it portray what is happening in the real world as opposed to the world the member has conjured up." I am going to conjure up even more this year what is happening in the real world of people in the work place.

While I made some rather serious charges last year, I had no concept of the gravity of the situation, nor of the difficulty being experienced by those who are involved in the unions and their health and safety officers. These are people in the front line who are, in fact, trying to bring about health and safety in the work place which, in the final analysis, is an effort to prevent people from being injured and getting industrial diseases and so on.

I said last year in response to the minister's statement, that I thought his defence of this ministry was rather weak. Maybe I underestimated his defence. Maybe there is no real defence of what is going on.

11:50 a.m.

The minister had a lengthy statement prepared to answer our questions, which we received three or four weeks after the Ministry of Labour estimates concluded. I do not even want to go back to those responses, because they have left unanswered more questions than they answered.

The task force we established came as a result of the unions' frustration in dealing with the problems of health and safety. They discussed with me the failures of the Occupational Health and Safety Act itself and the difficulties in dealing with corporations and ministerial officials.

I want to spell out the areas of concern, using examples to demonstrate the problems being encountered. As I go along, I also want to try to demonstrate the weaknesses of the act or of ministerial failure to enforce the act.

I will try to stay away from naming officials. I think, however, that if the minister is going to hire health and safety people—I want to make only two points here—there should be an equal number of people hired from labour as there are from management. If you want to look at your list of officials, which I have, and trace back where they last worked and in what capacity, the overwhelming majority come from management.

I would suggest to you that to train them you might expose them to the course offered by the Ontario Federation of Labour, because one of the key areas in dealing with this act is knowing the act and the regulations.

In the real world at present it is felt that there is a bias towards management. You can talk to every union in the business, and the attitude is that the officials of the ministry, particularly out in the field, are management-biased. I think that is because too many of them are hired from management.

When they are being trained to deal with the act, that bias has to be knocked down. They have to understand that they are there to do a job, not on behalf of management or labour but to protect the lives of workers.

I make no particular pitch to have them oriented towards labour, but I make a pitch that they must have a different attitude from what appears to be pro-management. I will detail some of these instances as I go along.

The other difficulty is the ministry's own responsibility—I mean head office—because I do not think the ministry sees itself as an enforcer. It much prefers to audit what is going on; to see what the state of compliance is. They really have not attempted to play the role that is necessary. When there is a dispute between two

sides, someone somewhere has to finalize the situation and resolve the problem.

After visiting 10 cities and receiving well over 100 briefs, I was frustrated, angry and disappointed with Bill 70. Those of us who were involved in forcing Dr. Ham's Royal Commission on the Health and Safety of Workers in Mines knew that the problem confronting labour rested with management. If there is no health and safety, management, under the act, has the final responsibility.

The people who forced the royal commission inquiry were management. They had ignored the plight of the workers. That was documented by Dr. Ham in his report. We have given power back to the same people who forced the whole royal commission inquiry.

I want to make three points before I get into the various problems. The minister himself has stated repeatedly that for every bad corporation I can name he can point out a good one. I do not dispute that; he might be right. He is wont to use the example of Algoma Steel Corp. Ltd. It is, I think, one of the leaders of a co-operative effort to reduce accidents and to reduce industrial disease. I remind the minister that quickly came about only after four workers were killed in his own town. It made top management aware that they had to do something.

For a moment let us accept the minister's logic; that for every bad one I name, he can name a good one. If we were to apply that whole principle to law enforcement, and the judiciary were to accept that same position, we could say that for every bad driver there are many good ones who do not contravene the law. There are a lot of petty thieves, but there are a lot more honest people in our society. There are some people who commit acts of violence. Most do not. What do we do then? Do we not charge those who violate those laws?

Mr. Laughren: A good analogy.

Mr. Martel: The law does not say, "Well, there are a lot of good ones, so we will let the rest go." That is the philosophy which I am afraid you operate under.

I am not after companies that work very hard to have a good internal responsibility system and so on. My beef is with those that are ignoring the act, and I do not want it to appear as though I am using a broad brush to go after everyone. I want to go after those that violate. We must prosecute, and I shall detail why.

I know of no act in Ontario or Canada which is ignored, disregarded and violated with such impunity as Bill 70. If we followed the minister's

logic and applied it to all the rest of the laws in the land, then we could just get rid of the courts. We would not need them.

Mr. Laughren: Think how fast we could drive to Sudbury.

Mr. Martel: My colleague talks about how fast we could drive to Sudbury. That is my second point.

While we were in Ottawa, Local 503 of the Canadian Union of Public Employees provided us with the nicest analogy I have heard with respect to Bill 70. It sums up what has been done. They said that if the provincial police were to enforce the highway speed limits in the same manner as the Ministry of Labour enforces the Occupational Health and Safety Act, then the only thing on the highways doing less than 150 miles per hour would be a jogger.

Mr. Laughren: Very good.

12 noon

Mr. Martel: That is right. It's a beautiful analogy and it ties in with the first point of the minister's own philosophy. The minister must go after those who choose to ignore the act five years after its final form.

The minister says we should educate, and I agree with him. It's interesting that the Industrial Accident Prevention Association, through the Workers' Compensation Board of Ontario, gets about \$25 million to educate. The trade union movement gets about \$1.5 million. Might I just add that I wish to God the minister would intervene in those phoney advertisements by the IAPA. Who is always at fault?

You see the little girl saying to her daddy, "Are you coming home tonight, daddy?" Then you see someone else laying a ladder against the wall improperly or not putting on his belt properly. It's always the dumb, stupid-slob worker who is at fault. He creates all of the situations which lead to his being injured. They are all of his own doing. The ads are biased and they portray the worker as something he is not.

I am not saying workers don't violate the act, but at the same time, I have never taken the position that they shouldn't be prosecuted when they violate the act. I've never taken that position, but the same applies to management.

You can try to educate, but five years after the act is in full force we still have workers being injured in ever-larger numbers. We still have people being killed and we still have people suffering industrial diseases.

With respect to industrial diseases, I spoke to a prominent doctor here in Toronto within the

last month who deals in the field of occupational health. He indicated to me that for the past 50 or 60 years we have known which things in the work place cause industrial diseases, except the new substances. We have known for years and we have made little or no progress in cleaning it up, because it's still going on.

The third point I want to make is if the workers don't have a union in this province, there is no protection under Bill 70. Let me quote from an article which the minister's staff might be aware of; it is entitled *Living with Contradictions*. It was prepared by the Centre for Policy and Program Assessment, the School of Public Administration, Carleton University, for the Royal Commission on Health and Safety Arising from the Use of Asbestos in Ontario.

Let me tell you what they say about the unorganized. They went out and did this major study. They interviewed inspectors and regional managers.

"All inspectors and regional managers interviewed agreed that the internal responsibility system works most effectively in unionized work sites. However, all agreed that the job of the inspector in the small, unorganized establishment was made particularly difficult by the tenuous position of the employee.

"It is almost trite to point out that the internal responsibility system cannot operate effectively where a worker thinks or fears he jeopardizes his job every time he lodges a complaint. Prohibition of reprisals notwithstanding, an employer can almost always find some excuse to dismiss an obstreperous employee."

I want to suggest that in most unorganized shops, not only don't they have protection but health and safety isn't even discussed. We will demonstrate, for those people—by the way, most of them who were from unorganized shops requested to appear in camera for fear of reprisal. Better than I can say it, the authors of this report have summarized that there is no form of protection for employees.

During the past year, I have approached the minister on seven or eight occasions—I am going to come back to them—where workers were in a union, where there were reprisals and where the ministry refused to get involved. The minister is always quick to point out that they can go through arbitration or through the Ontario Labour Relations Board.

I don't know who pays for it and I don't know who does it in the case of the unorganized, but until you are prepared to prosecute those people who intimidate a worker, contrary to section

24 of your own act, then the guts are torn right out of it. The right to refuse is gone.

In each case I have raised with the minister there is a reason why there is a difference of opinion. I'll come back to that as well. Tie those three together and see what kind of act you've got. There are good and bad, so we don't prosecute the bad.

With the analogy of the Canadian Union of Public Employees and the statement to the royal commission regarding workers in unorganized shops, one realizes that without someone to be the final arbitrator in these matters there is simply no way in which the act can work. In the real world, we don't have a great deal of compliance. I'll make a statement in a few moments with respect to compliance.

I was interested in some of the things the minister said in his leadoff with respect to the act. He said: "While I don't wish to conclude this portion of my remarks on a negative or provocative note, I must say I am somewhat mystified as to why some apparently feel they have had to wait for an opposition task force before expressing concern about occupational health and safety matters. The senior staff of this ministry have never, to my knowledge, shown any reluctance to receive and act promptly" —while they might not be reluctant to receive, I'm not sure about the acting promptly—"on legitimate complaints."

The minister goes on to say: "My accessibility and that of the deputy and other senior officials, I think, are well known and really not disputed. Why is it then that persistent problems of the sort raised in recent weeks lie dormant and are not brought to our attention except in the political forum?"

I nearly fell over when I read that, because every single case I have raised in the Legislature has been before your staff. It's only because we don't have enough staff that we haven't raised more. We're trying to be precise and check out each allegation that we've made. I don't have staff that can work until two o'clock in the morning or write me out a 210-page report to go back and at least follow up and get the background material. But we did not raise a case that your ministry didn't have, not one. That's what makes that difficult for me to accept.

Hon. Mr. Ramsay: Mr. Chairman, if I may interject for just one moment. Then, I can assure you, I will let Mr. Martel go through.

Mr. Martel: Don't worry about it.

Hon. Mr. Ramsay: I just want to indicate for

the record, that my silence here today does not indicate acquiescence to the statements you are making. I will want to respond to the matters you have raised in detail, after you have finished.

Mr. Martel: I would hope so. I want you to respond. I am inviting response because of the concern I have. That's why I say I was amazed at that statement. Everything we have raised so far is before your ministry or has been at one time. None is a new case. That's why the trade union movement felt frustrated. I could have moved my task force around in November and December, as opposed to September, and had another hundred briefs.

As you know, those in the trade union movement don't meet very often over the summer, so they don't prepare briefs in summer. If we had gone in January or February we would have had three or four times the number of briefs. We just couldn't take them all. We have been asked to go to other cities and we chose not to. After going to eight or nine cities it became apparent that there was a pattern of problems. I got so frustrated. I was so relieved it was over, because of the frustration I felt.

12:10 p.m.

Let me just list a number of reasons why they waited for the opposition task force, to put it into perspective. The minister goes on to say: "I know of no one who wishes to discredit the act or the ministry administration of the act for political purposes. It's far too important a subject, so I am genuinely mystified and perturbed that these complaints do not come to us directly at the time of their occurrence, not months, and in some cases, years after the event."

They came because they were never resolved to the satisfaction of those people who came forward. Most of them felt their problems were not resolved. Westinghouse—I'll just name them; I'll come back to them later on. Many felt their concerns fell on deaf ears; this dealt with ministerial staff in the field. Many felt the inspectors were biased in favour of management. I can tell the minister that in each community we went to, one or two names cropped up repeatedly with every union. There were the same one or two names in each community.

The workers felt that the minister's staff spent far too much time with management. If health and safety is a joint responsibility, then you spend the time with both parties. We had all kinds of stories where they would sit for three

hours with management and then talk to the union for 20 minutes. Even if it's only a perception that they're not meeting jointly, it destroys the purpose of the act. The purpose of the act is to have the two sides work together to try to eliminate problems. I see no need for those meetings to occur unless both parties are present.

The inspectors, interestingly enough, often did not go back to the same health and safety officer as on the previous visit. The inspector from the ministry could say, "Are there any unresolved problems?" If there was a new person taken out, he didn't know what the outstanding complaints were from the last visit. Frequently he would say, "As far as I am concerned there is none." It was written down, "No unresolved problems in this plant." One can look at Surrey Place if one wants to look at unresolved problems.

Occasionally, the inspectors would not even have a member of the health and safety committee do a tour or an inspection, or they wouldn't wait until a member of the health and safety committee could come to do the inspection. They would go it alone. Jim Boland of Ontario Hydro was a prime example. We will come back to it.

When it came to toxic substances, designated substances, the workers could not get the data sheets which told them what substances they were being exposed to. International Harvester Co. of Canada Ltd. in Hamilton, Ferranti-Packard Ltd.—I want to come back to those in a little while.

When you look at toxic substances, surely the worker has a right to know. There is no reason in the world why the worker shouldn't know the substance he's handling. They can't get the data sheets. They have to write all over. They write to Europe and to the United States. Your ministry doesn't have them and often the data sheets are useless, because they don't warn of the dangers of certain substances.

The minister cannot understand why they came to us when we had so many areas of reprisal. Some are subtle; some not so subtle. At Rothsay Concentrates Co. Ltd., the two men involved were told, "You are going to be fired if you don't go there." You might say it is a difference of opinion, but when a worker is told that he either goes into a place or he is fired, that is not subtle.

There are, however, other forms of subtle reprisal that go on. I shall come back to those. I am just listing some of the reasons why they came to us. On repeat orders: Dresser Indus-

tries in Cambridge, B. F. Goodrich Canada Ltd., Firestone Canada Inc. The list of repeat orders is endless. They came to us, because when health and safety made a good recommendation, it then had to go to management. If management decides not to implement the recommendation, then it is not carried out.

By and large, the only people who draw attention to the adverse conditions on the tours of inspection are the workers. Management very seldom points out a hazardous condition.

The right to refuse was also badly abused. There is an interesting development which I want to enlarge upon later. Many of the inspectors are using clause 17(1)(c) of the Occupational Health and Safety Act, which says: "A worker shall report to his employer or supervisor the absence of or defect in any equipment or protective device."

Workers are using the work refusal, under subsection 23(3). Their work refusal is being interpreted by inspectors and management as a report under clause 17(1)(c) that there is a piece of equipment that might be defective. So it is not even treated as a work refusal, it is just treated as a compliance with the act, which reports a hazardous condition.

When you add up that whole list and you talk to the unions, you find that the changeover in their health and safety committees is overwhelming. People get so frustrated with the inability to get change that they simply quit. So I drive home the point, despite the fact that the minister does not understand why people came to us, that is just a list of some of the types of complaints we received. They have led to so many health and safety people quitting out of sheer frustration.

I want to be specific about the problems I am going to deal with. I will not go through them all, but I want to deal with the internal responsibility system, the failure to enforce, the statistics from the ministry's own report, the right to refuse, toxic substances, intimidation, unorganized workers, and, briefly, medical monitoring, worker education and a couple of problems the construction trades have.

12:20 p.m.

Let me start with this point: In my opinion, the need to issue orders can only be seen as a failure to resolve the problems internally. When your staff has to write orders—there were probably 100,000 in the last year in all three sectors—that means the internal responsibility system is not working.

The theory of the internal responsibility sys-

tem is that, with co-operation in the work place, you can clean up the problems. The Ministry of Labour is only brought in, in the final analysis, to resolve any outstanding issue.

If you have to issue 100,000 orders a year and repeat them, that tells you something about the internal responsibility system. It is falling apart somewhere.

Last year, I thought it was for two reasons. Now I want to add a third reason. Last year I indicated that it was failing because the power always remained with management. I also said that management, if it wanted to, had a good deal more information than the workers ever had on toxic substances, ventilation etc. They have the engineers and they have the staff.

There is another advantage that I did not perceive last year. Management makes the decision as to whether or not they will implement the recommendations of the health and safety committee. Consequently, they are almost the final arbiters on whether there will be health and safety in the work place in any plant.

So, not only do they have power, they have information, and they make the decisions to implement or not to implement the recommendations of the health and safety committee.

In his leadoff, the minister continually made reference to Algoma Steel and the United Steelworkers of America. It is now a success story. I am the first to agree with that. I am pleased that it is there. In fact, they are ahead of what is in the act, in terms of what they do.

At the same time, I have to remind the minister that four people died before that became a reality. It took top management—the minister is well aware of that—working with the union to bring about a package that is—I do not know of any other plant having that good a package, although there are some in the chemical industry that are very good. In that particular plant, it came about because of pressure, because top management became aware that it was to their advantage and because the union waged an advertising campaign. There was a whole series of things.

That, however, is not what is going on in many places in Ontario, and those are the ones I want to deal with.

Dennis Abernethy, whom the minister knows, stated categorically before our task force that if management had not agreed to work with the union, and if management anywhere chooses not to work with the union, then it is impossible to have health and safety. Therefore our attacks

have to be on those people who have chosen to ignore.

I want to remind the minister that the Ham royal commission and Bill 70 came about as a result of the problems experienced in Elliot Lake and Sudbury. Those were problems because management chose to ignore the plight of the workers.

The irony of ironies for me is that those who led the fight in 1974, the Elliot Lake workers, are in the middle of a mess that we have not still not cleared up. There is the question of who is responsible for what, because there is federal jurisdiction.

I have suggested to the minister and his predecessor that the province should totally pull out of Elliot Lake, and let the federal government accept the responsibility for what is going on in there. Then the focus of the attack will be on the appropriate place.

As it is now, the attack cannot be as sharp as it should be to give those workers protection, because the ministry is in there doing the inspection and the federal government, in the final analysis, is making the determinations as to whether you prosecute or what you do. Until that problem is resolved, the Elliot Lake workers who were on an illegal work stoppage are not going to have the type of protection they have a right to.

The problem then remains a very fundamental one. Where management chooses to ignore health and safety, for whatever reason, there can be no successful program. The key reason why management chooses to ignore a meaningful health and safety program is cost.

As one worker told us, if it was merely a case of painting a yellow line, restricting traffic, then management agreed to it readily; but if it dealt with things such as costly installation of ventilation equipment or costly engineering, then no progress was made. In the final analysis, that is what determines whether there will be health and safety.

Let me illustrate the number of ways the internal responsibility system can be ignored and manipulated so it doesn't work.

The United Automobile Workers of America, Local 27, in London, represent 4,000 workers in 24 different companies. The union at Proto Tools of Canada Ltd.—one of the companies in that umbrella covered by Local 27—was allowed to appoint one representative.

Hon. Mr. Ramsay: Which company was that?

Mr. Martel: Proto Tools. Management

appointed the rest of the representatives. It is a great fight over who appoints whom.

That type of violation of the act cannot be tolerated. It is there; it says who is who, who appoints what and who elects what. When a company chooses to ignore it, then I think management must be alerted that the minister will not tolerate it.

Gillanders Construction Inc. here in Toronto; they finally got the ministry involved over a number of months—carpenters are there—to get two representatives, but it took ministerial intervention.

12:30 p.m.

I agree with the minister; we could never hire enough staff in this province to look into all of these problems. If he had a bottomless well with money in it, he could still never hire the staff necessary to inspect all the work places.

Irwin Toy Ltd.: the minister knows I asked him to go into that plant. The company had not complied. They had appointed their own worker representatives. The very basic right in the act for workers or the unions to appoint the people who will represent them on health and safety committees is violated. I suspect the ministry does not know in how many plants—particularly unorganized—that is occurring. If management-oriented people in unorganized plants are chosen, then you are never going to get a complaint about health and safety. It is looked at as secondary.

The minutes of meetings that come as a result of the internal responsibility system: John Ball, at Canadian General Electric in Peterborough, typed up his version of a very serious accident where a worker had been overcome by toluene. The worker was hospitalized. Management took the position that the trouble was not caused by toluene. They refused to accept the union's typed records of the minutes and would not sign them. So much for having minutes. When one side decides it is not going to accept the minutes, there is not much left in terms of what can transpire.

I want to repeat the point that in the more than 100 briefs we had, the workers complained that those representatives from management who were on the health and safety committee seldom, if ever, raised issues. All the responsibility rests with the health and safety committee to point out what the problems are. Then if you choose not to accept the recommendations of the health and safety committee, how can health and safety work? If management does not accept the recommendation, there is no way

the problem, whatever it might be, will be resolved. As one worker put it, the ease of getting problems corrected is directly proportional to the cost.

Another problem that frustrates the whole internal responsibility system is that front-line management—we are talking about top management—does not know the act. In Brewers' Warehousing in Thunder Bay management informed the health and safety representative that he would be charged with trespassing if he tried to inspect a work place. We have other similar cases which will be in our final report.

I can tell the minister an interesting thing that happened in one plant. Bill 70 only applied on Monday, Tuesday, Wednesday, Thursday and Friday; it did not apply on Saturday and Sunday. Tell me why the act does not apply seven days a week. Front-line management argued in this case that it did not apply on Saturdays and Sundays.

Mr. Armstrong: Is that at Brewers' Warehousing?

Mr. Martel: No, it is not. It will be in my file. I did not bring the name with me.

Let me just look at two cases that show why I say the internal responsibility system fails if management does not want it to work.

Dresser Industries: I know the ministry has made great efforts to rectify that problem, but at Dresser's, it reads like a horror story. From 1980 to 1982, the ministry issued 144 orders. How many were repeat orders? In your response to me, you do not tell me how many are repeat orders. That is the key.

Mr. Mackenzie: That in itself is a problem.

Mr. Martel: That in itself is a serious problem. I started with the statement that I think the failure of the internal responsibility system is proportional to the number of orders you have to write. If that is an indication, the act is not working.

There were 144. You do not tell me how many are repeats. I do not have to go over the facts, because you have had Mr. Basken in who I think in the last year has seen most of Ontario. We hope he will see more of Ontario in the forthcoming year.

How many were repeats? In the final analysis, that is the question you have to ask.

Hon. Mr. Ramsay: I promised not to interject, but I really feel I have to.

Mr. Martel: Be my guest.

Hon. Mr. Ramsay: I really feel I have to. Lots of times, Mr. Martel—I think you will agree

with me—a repeat order is a sign of progress. A repeat order means they are in the process of cleaning up the situation but it has not been completed yet, so the order is reissued.

Mr. Martel: I accept that; I accept what you are saying. I do not want to dispute that for a moment.

Hon. Mr. Ramsay: Okay, that is fine.

Mr. Martel: When we are talking about engineering something out, if you are on a three-month cycle it is still not going to be finished. Installation of ventilation cannot be done overnight. You might not be able to get the equipment you ordered for three months. I accept those valid reasons. I do not dispute that we are going to have repeat orders of that nature and we will see progress. That, however, is not always the case.

What about a case, let us say, of guarding equipment? Let me use a prime example. You are now in the process of prosecuting ITT Canada Ltd. Over 50 of the orders that were rewritten were for guarding equipment. If the first piece of equipment has a guard off, you write an order. The next trip around, the next piece of equipment has a guard off and you write a new order. On the third trip, you find four more guards missing on different pieces of equipment.

How long is a company allowed to continue to not have the guards on equipment? How many times can a company repeatedly violate that requirement before you are prepared to prosecute? In the case of ITT, you prosecuted after yet another man lost part of a hand. I had warned about that company during the estimates in 1982. There had been 50 violations then for repeat orders for not guarding equipment.

One could also talk about walking out—that is at Rothsay and I will come back to it—but how many times? That is the issue. There are some that have bona fide reasons for having to repeat the order, but you never separate them, so we can't get a handle on how many repeat orders are from failure to comply with the act.

I will go back to Dresser. Let me quote what the minister's own staff said. This is what Mr. Krauss said: "The internal responsibility system is not alive and well in this shop. It must be noted that, although some items are going to require longer, most are minor in nature and could have been cleaned up in short order if an honest effort was put forward." That is January 10, 1980.

12:40 p.m.

On April 1, 1981, Mr. Krauss: "The internal responsibility system is not entrenched in this plant as yet. It is not yet alert and responsive to the health and safety needs. There were a total of 26 lost-time accidents for the months of January and February 1981. At this rate, the company will have 150 accidents in a 12-month period." They had 199.

The records show, from your own response, that at the end of nine months there were a total of 199 medical-aid and lost-time accidents.

You can tell me how it has changed since Cliff Basken went in, and it has. I give him full credit for it, but management ignored that report in 1980 and the second report 14 months later. Your own staff said there is no internal responsibility system functioning here. In a nine-month period there were 199 medical-aid and lost-time accidents. There is something rotten in the state of Denmark when that was allowed to continue.

Let me tell you what is even worse. In your report the onus is then shifted to the workers, because management, out of some 83 accidents at one time, had reported about 20 or 23. The act is very clear. It says that you give the union the information with respect to an accident within four days. The purpose, surely, is to reduce the number of accidents. The union did not know many of the accidents had occurred; it was just medical aid and no lost time. They did not even know about it, so how can they go and inspect it?

Your report says, "The workers didn't complain about not getting the notices." I don't know. Where there is an operation of 400 workers, how many health and safety officers do you expect in there to run around and check to see that no one is hurt? Are they supposed to do a roll call every day or are they to ask everyone if there was an accident so they can demand the statistics from the company? These were not even reported, so how can you try to shift the blame to the workers and the health and safety committee by saying to them, in your report, that they did not complain about them?

The act was violated in 63 cases by not reporting accidents. Is there not an onus on the ministry to say to all of management out there: "This is the act. You will comply with it. If you choose to ignore it, you will pay the price." I don't think that is asking too much.

When the act says you have to give notice in four days, is there some reason why management is exempted from that? Then in your report you shift the blame and say the workers

didn't complain about it. They don't even know about half of these accidents.

Intimidation at Dresser was just great. When 38 workers refused to work in an area they thought was unsafe, Dresser told them in a letter that if they refused to work under those conditions they would be dismissed. If you want, I can find the letter and quote it to you.

In your report you admit the company finally paid them back. That isn't the point I am trying to make at all. The point I am trying to make is that there should be no reprisal. The act guarantees there will be no reprisals. When a company says to the workers, "If you refuse to work under those conditions you are dismissed," that is a clearcut reprisal.

I do not care what your staff says about it not being sufficient grounds to prosecute. When 38 workers get a letter saying their job is gone if they do not work under these conditions, and the testing proves the levels were exceeded, workers are being intimidated. You can find all the reasons you want why it might not go to the courts, but until you are prepared to try it, management has a *carte blanche* to send anything to workers they want.

There was a second case there. I had a wrong name apparently. It was given to me by the union. A second worker was sent home and they eventually paid him too.

Is that not a reprisal when you send a man home and deprive him of a day's pay because he uses the act that we are so proud of, and says "I will not work under those conditions because I believe they threaten my wellbeing"? Ultimately he gets paid, but what about the trauma, the problems of workers being fired? Do you think as long as management knows they can use that form of reprisal, that people are going to use that section of the act which allows them to refuse to work if they believe the condition is hazardous?

In this case, Mr. Dusenberg was paid back, but it takes courage to stand up and say no. If it is your job or your health and there are no other jobs available, what are you going to do? When section 24 is so clear, how long do you allow companies—do not tell me they can go and get arbitration or they can go to the Ontario Labour Relations Board. Reprisals by employers are prohibited.

Section 24: "No employer or person acting on behalf of an employer shall, (a) dismiss or threaten to dismiss a worker;"—they threatened to dismiss 38 workers—" (b) discipline or suspend or threaten to discipline or suspend a

worker"—they sent Mr. Dusenberg home—" (c) impose any penalty upon a worker"—in the case I have, which I will come to in a few moments, they paid him a different salary—" (d) intimidate or coerce a worker."

What is that in the act for? It is there for a purpose because we know—if the organized are protected, how in God's name are you going to protect the unorganized unless management knows that this government is not prepared to tolerate any form of intimidation? They use the act to protect themselves with impunity. I say the act is being violated.

How many charges have been laid against Dresser? Zero. You send the workers home. You do not report accidents. Your own ministry says the internal responsibility system is not working. Two and a half years of effort, but not a charge. All the reasons are there; excessive production for a while because there was an upturn and then a downturn. All the reasons are there why you will not move in. Well, it does not wash.

How about Canadian General Electric Co. Ltd.? Of all the plants I came across, the one that bothered me the most was General Electric. Twenty-four out of 50 women. You can water it down any way you want about the number of workers who walked through the work place and put all that stuff in your report. The facts are there were 24 women who have cancer; I have their names and the types of cancer they have.

12:50 p.m.

We do not know if some of them are malignant. We know that five or six of the women have died. We know that other workers went through there as well and that is the one thing the union warned me of. They said that the ministry will tell you that there are a lot of workers going through that work place and therefore it is not as bad as it appears.

Of the 50 people assigned to that work place, 24 of them have cancer. What is unforgivable is that the ministry knew. The ministry knew two years ago that they did not have quite the—there are actually 25 cases, because a woman who worked in the plant has written to me from Ottawa. She is not on the list, but she has cancer. I have it before me if anyone wants to see it. The name is Janice Manchee. She wrote to me because she is not on the list.

Now we do not know what it is in there. I do not. The workers do not. The only substance we could trace was one carcinogen which is very minor in nature when one compares it to

asbestos or other things. The striking feature of this whole thing though is that many of the women are in their 30s and 40s. The workers themselves were not told, but at one time, there were five different employees off work and interestingly enough, five of them had cancer.

On January 27, the union brought this concern to the meeting of the joint health and safety committee. The doctor, Dr. Jack Richman, told the union he would investigate and report back. That was January 27, 1981, two full years ago. In September, when the union made its presentation to our task force and it was in their newspaper, Dr. Richman called a meeting. They still did not have a report as to what the possible causes were 22 months later, because they had gathered the information themselves on the women affected.

May I remind you that Dr. Richman is the same gentleman who, at a council in 1979, told people how they could undermine the effectiveness of the Workmen's Compensation Board of Ontario with respect to claims by leaving certain information out? That meeting was interesting. He told the women—I am told, I am only reporting this from some of the people we spoke to—that their problem was related to their sexual habits. They were having sexual relationships with men who were uncircumcised.

Dr. Richman sent some stuff to Dr. David Muir—whom all of you know—and Dr. Muir wrote back to Dr. Richman indicating that there was not enough information for him to comment on. The study they were asking for was very basic information that Dr. Richman supplied to Dr. Muir. I have Dr. Muir's letter if you want to see it. He says there is not enough information for him to comment on.

The minister was aware of the situation two years ago. I do not know what you have done since then. I know that when I raised it in the House, the minister indicated people would be going in. Did it not strike someone in the ministry as odd that such a high proportion of that work force was suffering from cancer?

I know the company only gave its figures up until 1980. It did not bother to include the 1981 and 1982 figures. We can argue whether there are 15 cases in total or we can argue whether there are 24 at the time it was reported, but that proportion of a work force, whether it be 15 or 24, is an epidemic proportion.

What have you done with it? The staff out there, the people who are working there, have not heard from the Ministry of Labour. I do not know how the Ministry of Labour responded,

but 22 months later that union came to me, because nothing had happened to allay their fears or to try to find out whether it was the substances they were using, whether it was the process, or what in God's name it was.

We do know for certain that there are 24 women who have cancer of one form or the other. What we do not know is what is causing it. I am not prepared to accept that it is their sexual habits. If we apply that, we would certainly have a lot of women with cancer.

Does the minister wonder why the union came to me? It is pretty obvious to me why they came, why they are frustrated and angry and do not trust the ministry. I am really amazed that 22 months can pass with the ministry and the company aware, and we still do not know what is going on. You can try to rationalize it, but you are going to have difficulty.

Mr. Chairman, you wanted to adjourn at 12:55?

Mr. Chairman: Yes.

Mr. Martel: This is as good a place to stop as any, because I want to deal with some figures next.

Let me just sum up by saying those examples I put forward are just some of the examples which show how the internal responsibility system can be ignored. Until we have some method, some final arbitrator in the whole matter, then health and safety will only work where people want it to work.

Mr. Mackenzie: With regard to that case, I talked to those people at length. The chairman of one of the committees, who had operations to remove growths herself—she went into some detail on them—was one of the people who triggered some of those actions when they found five employees were off with the same problem at the same time.

That case should have been looked into long before. That case hurt like hell and there was nothing but sincerity there. There was nothing but concern; there was nothing but fear.

Mr. Martel: I will continue on the morrow, Mr. Chairman.

Mr. Chairman: You have a couple more minutes.

Mr. Martel: I have a couple more minutes?

Mr. Chairman: We will adjourn until eight o'clock tomorrow night.

The committee adjourned at 12:58 p.m.

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Martel, E. W. (Sudbury East NDP)
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Ramsay, Hon. R. H.; Minister of Labour (Sault Ste. Marie PC)
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Wrye, W. M. (Windsor-Sandwich L)

From the Ministry of Labour:
Armstrong, T. E., Deputy Minister
Roberts, A., Director, Women's Bureau
Speakman, B., Director, Women Crown Employees Office
Van Beinum, Dr. H., Executive Director, Quality of Working Life Centre

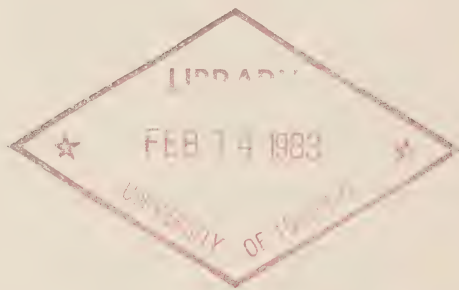


No. R-49

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development
Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament
Thursday, January 27, 1983

Speaker: Honourable John M. Turner
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Thursday, January 27, 1983

The committee met at 8:10 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR (continued)

On vote 2304, occupational health and safety program:

Mr. Chairman: I call the meeting to order.

Hon. Mr. Ramsay: I listened with considerable interest to Mr. Martel's remarks yesterday morning and I am looking forward to hearing more of them. However, I am concerned that I might not get the opportunity to respond, and I was wondering if it might be possible for me to respond to some of the remarks made last evening?

Mr. Wrye: Mr. Chairman, if I might, I didn't have the opportunity to discuss this with you. I have discussed this with my friend the labour critic for the New Democratic Party, who may have talked to the member for Sudbury East (Mr. Martel) about this.

I realize we are down to five hours approximately and we are now at a point where this party really is interested only in one additional vote and that is the manpower commission vote on which my colleague the member for Kitchener-Wilmot (Mr. Sweeney) wishes to make some comments and, I believe, my colleague the member for Prescott-Russell (Mr. Boudria).

Otherwise, we are quite prepared to carry on with the vote on 2304 for some additional length of time. I have no problem if my friend the minister wishes to hear out the rest of Mr. Martel's remarks. We can then have a dialogue starting with your response. I think this is a very important area, and I am prepared to spend some considerable length of time on it. I would not wish—from this party's point of view—to try to divide up the remaining five hours into the last five votes. I think that would be counter-productive for our purposes.

Hon. Mr. Ramsay: My concerns are based on reading Hansard from last year when Mr. Martel spoke at length and spoke very articulately but did not leave any opportunity for my predecessor to respond.

Mr. Martel: Wait a minute. I have last year's Hansard here. That's not really true.

Hon. Mr. Ramsay: That was the way I interpreted the—

Mr. Martel: I'm sorry, that's not quite factual because, although I spoke at some length, the minister had several days to respond. He chose to make an answer. He responded to me, as reported in Hansard, I believe, on December 14, and that is one of the two items I left in my desk. I told you I left two things that I didn't think I would need, but the minister responded by starting a whole session on Monday, December 14. It was the minister who responded all that afternoon, starting at page S-999.

Hon. Mr. Ramsay: Mr. Chairman, I must admit that—

Mr. Martel: I will assure the minister he will have a chance to respond because I want to hear his defence. I hope it's better than last year's.

Hon. Mr. Ramsay: Well, there were certain allegations made.

Mr. Martel: Not allegations, all fact.

Mr. Kolyn: I am wondering if the minister could tell how long his response would be to Mr. Martel. Have you any idea of the length of time?

Hon. Mr. Ramsay: It would probably be 30 to 45 minutes.

Mr. Martel: Your response already was 40 minutes.

Mr. Kolyn: To what you have already said.

Mr. Martel: I spoke for only 45 minutes.

Mr. Kolyn: No, you didn't. Come on.

Mr. Chairman: I have not discussed with the minister any time lines actually. Let's try to see where we're going for the next two days to give the minister some time to respond.

Mr. Wrye: My friend may wish to indicate how much longer he has, although I certainly got the impression about another hour.

Mr. Martel: Yes, at least.

Mr. Wrye: As a former journalist, let me suggest to my Conservative friends, unless they have a lot of other areas they want to go into, that I think we can spend the vast majority, about the next four hours, on occupational health and safety. That should give the minister

ample opportunity to respond and for us to get into a dialogue.

Mr. Armstrong: I don't want to be accused of misleading the minister. I was present during last year's estimates, and the facts are that although the minister of the day gave a general response, he said, "There are a number of very specific points that have been made, and if I were to respond to them now, the rest of the estimates would be eaten up." The committee heard his representations and said, having regard to that, "Let's get on with the rest of the votes and you can respond in writing."

As a result, the public record did not contain the ministry's and the minister's response to the very specific allegations and assertions made by Mr. Martel. I just want to make that clear on the record that so far as the minister was concerned that was a deficiency in the public record.

Mr. Martel: Mr. Chairman, let me say that I am prepared to take that to my two colleagues, the two other House leaders. Furthermore, if the minister does not feel he has adequate opportunity to respond, we could hear him out. I would not want to have the minister feel that he was left out at any stage of the game. If need be, we are all going to be around on Tuesday night, and if the minister wants an extra hour to respond, I am prepared to come back and make sure that he gets on the public record.

Hon. Mr. Ramsay: And I am prepared to be here.

Mr. Martel: That is fine. I would not want to cut him off. That is the point I make.

Mr. Kolyn: If Mr. Martel has another hour and the minister is ready to—

Mr. Martel: I am not sure. We're just killing time now.

Mr. Kolyn: More or less. If the minister is ready to respond to what you said the previous night, would it not be fair to let him do it now and then you do the other hour? You can respond to it the next night.

Mr. Martel: I am just moving into point two of nine points. The others are somewhat shorter.

Mr. Wrye: We will try to move Mr. Martel along.

Mr. Martel: I told Mackenzie to keep feeding me rye and coke and send a couple in. I'll be able to go faster.

Mr. Chairman: Do you wish to proceed or is it reasonable to try to have some time lines? I am a little concerned as chairman that I am going to be criticized as chairman for the last couple of

hours or the last hour. If that is all the time that is left for the minister to respond, there is not going to be any discussion on any of the other votes by any members of all three parties. That has happened to me before in the chair. I have usually found that when you get down to the wire you try to apportion it a little bit.

Mr. Mackenzie: We have already done some discussing. I have no idea what the Conservative members have that they want to raise in any of the votes, but we have probably an hour to an hour and a half. Mr. Martel will be finished before the end of the evening tonight, after which the minister could certainly respond.

I am open on how we do that. The Liberals, I know, want about an hour, and we want less than 15 minutes on two votes. Two of our votes overlap. So there will be an hour and a half or an hour and a quarter on Monday as well in which the minister could respond.

Hon. Mr. Ramsay: Let me just make sure that I understand that correctly. You will probably take the rest of this evening, but you might finish before adjournment—

Mr. Martel: I will try to get done before the rest of the evening.

Hon. Mr. Ramsay: —and I will have at least an hour and a half, Mr. Mackenzie?

Mr. Mackenzie: You will have at least an hour and, I think, more than that on Monday.

Hon. Mr. Ramsay: If I could be assured of at least an hour, that would be fine.

Mr. Martel: As I say, in the final analysis if you were short, I think if we asked the committee, I could certainly get the House leaders to agree to sit for an hour on Tuesday evening if need be.

Hon. Mr. Ramsay: That's reasonable.

Mr. Chairman: You know how agreeable the chair would be to that too.

Mr. Martel: Let me continue to point two of nine. They are somewhat shorter. I had this up as a failure to enforce the act. I looked at the statistics from the Ministry of Health report. We had to phone over and correct one of the errors. I didn't want to do it, but I couldn't understand what the federal Minister of Energy, Mines and Resources was talking about in that section dealing with mines. They said that the number of fines was 12,875. I nearly fell off my chair. I knew Peter McCrodan was busy, but I did not realize he had been successful in getting 12,875

convictions. Maybe I am underestimating the ministry and that, in fact, was dollars.

3:20 p.m.

If you look at three sets of statistics, there isn't even any type of conformity. One can't compare the statistics. I complained about it last year in the ministry's three areas. It is very difficult to assess what is going on. In one, you might find the number of convictions and the number of fines. In another one, you don't. In some of them, it's not even possible to calculate the average fine. If you look at construction, health and safety, you know that the average fine might be running about \$500. If you look at the ministry's fine sector—and those are not convictions, but rather they are dollars—you are talking about \$2,500 on five convictions.

Might I just stop there for a moment. Imagine five whole convictions. I was called by the radio station from Elliot Lake last night and learned that last year the ministry wrote out for the two mining companies 1,700 violations and nary a charge. If you could tell me that the internal responsibility system is working, then anything's working.

If you have to write out 1,700 orders, you have to convince me it is working. They have gone beyond the act because they have certain policies that they have been able to negotiate. I don't like negotiating in contracts by the way. I think that is the last place they should be in. I don't think that health and safety is a negotiable item.

It is interesting that I said to the minister yesterday that surely the ministry must do one of two things. It gets the right to prosecute or it says to the federal government, "Here, you take over totally. We're not sending our inspectors in any more." If there were 1,700 violations and not a charge, I suggest to the minister that the federal government has got to act now and not only improve its own act, but be prepared to proceed with prosecutions when there are that number of violations with two mining companies in one year.

On the other hand, the province can say, "Here, take it all. We don't care whether you pay for us to go in and do the investigation; we're not doing the inspections." So the blame will lie in its proper place. There is no sense in us sending inspectors who are not in a position to make sure that there are prosecutions when there are that number of violations or orders. Surely something is wrong.

The other thing that is interesting about this is that you can look in one of these and you can see

the number of fatalities, but you will not find them in another. I think it would be an easy matter for the ministry to have all three of these reported in the same fashion so that one knows.

I would put an addendum, though, that what I would like to see added is the number of repeat orders and the reasons for the repeats. I want to draw to the minister's attention—and I made the point yesterday—that while I accept the fact that some repeat orders are for ventilation, for engineering out, there are many that are simply repeat orders for failure to comply with earlier orders. I think the ministry should be moving in on that very heavily.

I guess the thing that really bothers me the most when I look at your statistics and the number of orders that are issued is the number of prosecutions based on the number of orders issued. The number of orders issued in 1981-82 was in the neighbourhood of 71,285 in the industrial sector. For the first six months of this year, 34,634 orders were issued. The number of prosecutions in 1981-82 was 82; it is down to 36. There were 52 convicted cases last year and 28 for the first six months of this year. What is intriguing is that the percentage of repeat orders is going up.

Mr. Armstrong: Is that 28 of the 36 in the last six months of this current year?

Mr. Martel: Yes. That is April to September. What is bothersome—I think the ministry has to develop a better reporting system—is that the percentage of repeat orders has apparently gone up from 12 per cent to 15 per cent. Are they all ventilation? Are they all engineering out? Can nobody get any equipment? I suspect there are a lot of things in there that are not engineering or ventilation, but are just failure to comply with the Occupational Health and Safety Act.

I want to use an example to show that. I just got the minister's response to a question raised by my leader in the House in the case of B. F. Goodrich, which had 107 orders in a five-year period. The ministry's defence in the minister's response to me indicated that some of it was engineering out. One of the real problems there is delineating the piping, colour coding so the workers know precisely what substances are in each of those pipes.

The minister said, "This order cannot immediately be complied with because of the hundreds of miles of pipe involved. Progress in this matter has been steady towards effecting compliance." That is five years. Hundreds of miles of pipe? The Ministry of Transportation and

Communications builds more roads in five years than that company can colour code.

Mr. Wrye: A mile a month.

Mr. Martel: They are really going hell bent for leather. I cannot accept that it would take five years to code those pipes. That is just too much for me to accept. I do not care how many hundreds of miles of pipes there are when they have five years to do it. There were at least seven repeat orders. There is some progress, but at what speed? A snail moves; he is not going to win a race, but he is moving.

It is interesting, Mr. Minister, that in your reply, you told us all the reasons and places where there is progress being made, but you forgot to mention there were orders issued for failure to comply with guarding. There are at least three different orders with respect to guarding. You might say there was progress in colour coding, but why do you repeat the order of guarding equipment? That is the sort of situation that leads to a lot of accidents, yet it continually occurs.

Your response answers the questions about the various substances and it answers the question about the ministry's position in terms of the colour coding and that you are improving on the toxicity of some of the areas, but you leave out the one question where there is no progress. There is no excuse for not having guarding when that order is repeated on three different occasions. I want to raise the question of why it is repeated on three different occasions. It does not work that way with the workers. It is really a mystery to me.

8:30 p.m.

I have before me a lengthy letter written by the president of a union. The union involved is the United Steelworkers of America, Local 7480, versus Crane Canada Ltd. It was a very serious situation that dealt with dust. The ministry went in to the plant in Brantford in July 1979, did some testing and issued orders.

I am not going to belabour the whole process. I have all these things marked out in yellow, but because you want me to move ahead, I have attempted to shorten it. It went on for two years. There were all kinds of reasons why it could not progress.

The union got very uptight about it, and on one occasion the president said: "To hell with it. I am going to take my mask off the next time the inspector comes around." There were orders out saying the company had to clean up this condition and properly ventilate. The inspector

walked in, the president of the union took off his mask, he was told to put it on by the inspector, and the president said "No." Do you know what we did? We laid a charge against him. So two other workers took off their masks, and do you know what we did? We laid charges against them too.

Tell me why it is one thing for workers—it ultimately went to court. They defended themselves and got the case thrown out. I make the point, however, is it not strange? I complained about it last year. I am not suggesting the ministry should not do it, but I complained that when a man is caught without his goggles or his hard hat, the ministry staff is very tough on him. The first time the inspector sees three workers without masks, zap, they end up in court. Yet, at the same time, their company got away without improving its ventilation for two years.

You tell me about the fairness in your system. You say it is just a case of ventilation, but the ministry is quick to respond when a worker is caught without his safety equipment. I am not going to oppose that, but I wish this ministry would be half as tough with industry.

I am sure your staff has all of this because we were blessed on our tour by having a number of the minister's people with us. We enjoyed their company. I will say that the date it all started was July 16, 1979, and it all ended up in court some time in 1982. The workers defended themselves and the charges against them were dismissed.

I just make the point that you cannot have it both ways. I am not for a moment suggesting that we should let the workers get away without wearing safety equipment, but if that is the performance of the ministry, then it is an unfair practice. Let me give you another example of the ministry's failure to respond to the needs of workers and the lack of enforcement.

Two boiler operators refused to work at Stelco's Hilton works because Stelco wanted to use an unqualified person to put the boilers in operation. Stelco's own rules state they must use qualified boiler operators. The inspector was called in and he said there was no regulation, so the workers' work refusal was not upheld. Yet Stelco's own manual indicates that they must use a qualified boiler operator. We are talking about health and safety. You could use that clause that you spelled out in your own comments about a broader interpretation. I shall come to it in a little while.

Is it not interesting, though? There is no regulation; therefore we do not uphold the

workers. That is another area where the ministry fails to properly enforce. It is not only when you know the number of orders that are issued, it is also the interpretations.

One of the biggest complaints we had from the workers was the failure of management to point out an unsafe condition. You might want to confirm this with your inspectors, Mr. Minister, and I wish you would, because this is not a slight against the inspectors. Under the act, the company is responsible for health and safety in the final analysis. They should be pointing out some of these adverse or serious conditions as they are going along. They are not; it is not happening. The workers were really upset that the inspectors would refuse to write down some of the hazardous conditions which were pointed out. The workers were simply told, "This is a responsibility of the health and safety committee, so you have to take it to management."

Another thing is the whole matter of outstanding issues when the inspectors are doing their inspection. If a worker says, "Yes, that has been reported, but it has not been resolved," it is not noted by the inspector as an unresolved issue because it is before the health and safety committee. You can understand the frustration workers have when they go around with the ministry inspector and he refuses to write down these conditions.

Because it is before management, it does not make it a resolved problem. This point was significantly driven home to me by the steelworkers in Sudbury. They showed me their minutes, and I saw the same item show up for seven, eight or nine meetings in a row and still not be resolved. That is why they should not be able to say that it is before the health and safety committee and therefore is resolved. It could stay before that committee for many months without a resolution.

I think it is incumbent on the inspectors to review the last set of minutes so that they know if a certain item shows up over and over again. If it was unsafe on the first investigation, it is equally unsafe the second, third or fourth time around, and it is not resolved.

These are some of the problems we have experienced. Let me tell you about another one. One of the most interesting ones is the failure to enforce at Trailmobile Canada Ltd. There is a file on the company, which according to the union, is six or seven inches thick. I do not think we have to review that situation at any length, except to indicate that the union first complained about the situation there in 1970. As the

minister knows, there is a whole series of reports on this issue. The minister's own staff indicates that in 1970 the equipment the workers were using was primitive. That same statement showed up eight years later; the equipment was still primitive.

8:40 p.m.

There are 10 workers now who have lung dysfunction. As a result of some of the questions I raised, two reports were prepared; one went to the union and one was submitted to me. There are only a couple of points I want to raise because it tickles my fancy to see what goes on.

The one Dr. Pelmeur prepared for the union, dated October 26, was met with some hostility by the union. They met with you three hours after this report was released. It is interesting that in that carefully prepared ministry report people who are shown as having claims before the Workers' Compensation Board do not have claims for this particular type of problem. It says that some workers are restricted from working with foam, yet the union tells me that Mr. William Poirier is still working with foam.

Several of the claims that are documented here are not for isocyanides. I guess the most interesting thing about Dr. Pelmeur's report was his little addendum on page 5. Apparently, Dr. Tidy visited the plant. It says: "The fact that workers have sustained pulmonary function impairment when supposedly wearing full respiratory equipment is disquieting, but the explanation for this is simple. Dr. Tidy was visiting there with Mr. McKeough in their field visit back last August. They saw a worker take his mask off before he left the area where they were foaming, and that is the reason."

It says: "Such careless malpractice on the part of the workers, and the failure of supervisors to prevent it, cannot be too strongly condemned." One visit, and they made that assessment. That was the reason the workers—no, I should not say that. There is another reason, there is another excuse which is just as interesting. I will read this one because you have to read it to appreciate it.

It says: "The company's record indicates that since the inception of the medical surveillance program, 42 employees have worked in the area of exposure. Of this total, 13 employees have become sensitized to isocyanides and have been removed from exposure. Included in the sensitized group are eight foamers and three scarfers.

"In reviewing the report, there are two obvious factors which would appear to suggest that the surveillance program has not been followed

diligently. First, pulmonary function test data does not appear to have been available prior to 1971, notwithstanding that the other reports on trial state that the program was in place in 1970.

"Second, in 1979 there was an unusually high number of negative test results, with seven of the 24 employees tested displaying lung function abnormalities. One of the explanations offered is that 17 of the 24 employees had not been tested previously and therefore might have been suffering pulmonary disorder prior to exposure to isocyanides."

Isn't that magnificent? Isn't that a magnificent conclusion? Ten years are being investigated and one of the suggestions now for those men suffering is that they might not have been tested properly in the beginning. That stretches credulity, particularly when on two occasions, eight years apart, the minister's own staff said the equipment the workers were wearing was primitive.

When 10 workers under constant medical surveillance over a 10-year period end up with a lung problem, I say to my friend the minister in good conscience that there is something wrong with the ministry. I know of no nice way of saying it. If those workers were under surveillance at the work place for 10 years, then surely there has to be a more logical explanation than Dr. Tidy's one visit one afternoon last August in which he said he saw a worker take off the foam mask, or that they might not have been tested properly in the beginning.

There is something wrong in the whole process when that can go on. The excuses presented are pretty bloody weak. I find it most unacceptable to have someone tell me that is the reason. If you wonder why people out there don't trust the ministry, I think that is an indication. It is hard to believe that we would use these types of reasons. If there are 10 years of surveillance and workers are sick, then somebody has missed the boat in ensuring and protecting those workers.

I want to move from the lack of enforcement—I mean by enforcement that there should have been protection there. You laid charges against a worker because he didn't have a mask on, but there have been two or three years of air testing going on with no enforcement. I want to deal with what is connected to enforcement, the right to refuse, which to me is one of the fundamental parts of the act.

The minister, in his statement, made a lengthy comment on how this was far and above what Dr. Ham recommended. That is good stuff, but

you cannot allow that section of your bill to have the guts torn out of it. Workers have got to have the right to refuse to work if they think the conditions they are working in are unsafe. They can't abuse it. I would be the first person to oppose anybody abusing that right because it is so fundamental. However, when they use it, workers should not be intimidated.

When you take that section out of the act and workers become afraid to use the act for fear of reprisal in a number of ways, then you have taken one of the most essential parts of the act away. You have torn the guts out of it. We can't allow that to happen. Industry has got to know—I repeat it can't be used frivolously—that a worker has a right to say no and that under no circumstance will there be reprisals in any way, shape or form, and that the minister is prepared to move in, using section 24 of the act, and lay charges.

Before I go on to the various cases, let me just say that the ministry, using some of the interpretations that are presently being used, does not help the process.

One of the key complaints—I started to mention it yesterday—was the ministerial staff's use of section 17, where a worker is obliged to report an unsafe condition. Workers tell me that when they report a work refusal, the company says, "No, that is not a work refusal; that is just reporting an unsafe condition." At Aerofin Corp. in Gananoque, a worker refused to spray coal oil. The foreman called the Ministry of Labour and the ministry called the manager, who told them, "There is no problem at all. We have it under control." It wasn't necessary; it was just an unsafe condition.

The health and safety officer waited around for a couple of hours. Finally, he went over and phoned the Ministry of Labour to find out where the inspector was. The ministry stated that management had told them it was just reporting an unsafe condition under section 17 and it was all resolved. It was not work refusal and the Ministry of Labour representative accepted management's position and chose not to send anyone until the health and safety committee phoned in and said, "Get somebody out here."

The company was using, as was the ministry, section 17. If one wants to talk to the Hamilton and District Labour Council—

Mr. Armstrong: Did someone go out there?

Mr. Martel: Yes, eventually, but they were not going to come until the health and safety representative phoned the ministry some time later. When the Hamilton and District Labour

Council made its presentation to us, it indicated that the inspectors have been asserting that the work refusal right the workers have under section 23 can be exercised only if there is a prior use of article 17. Now that is crazy. One is to report the condition; the other one is a work refusal.

If you refuse to work, it is not treated as such unless you have reported an unsafe condition. That is the interpretation being used by the ministry in Hamilton. This came from the delegation which appeared before the task force from the Hamilton and District Labour Council. It represents a fair number of unions which put together a brief to present to the task force. So we are not talking about an individual case. In Gananoque I am, but in Hamilton this came from the Hamilton and District Labour Council. That is clearly not what the act is intended to do. I could go on to discuss another one.

Mr. Armstrong: Did the brief name the inspector?

Mr. Martel: I can give you the name of the inspector. The one in Gananoque names the inspector who didn't want to come. I chose not to.

Mr. Armstrong: No. I am asking about the Hamilton and District Labour Council. Was that a generalized charge or was—

Mr. Martel: That was generalized.

Mr. Armstrong: Was the inspector who was purporting to give that interpretation named? I find that a very difficult interpretation to accept myself. I agree with you. It would be interesting to know what supervisor or what group of inspectors are adopting what I would regard as a very tortured construction of the act.

Mr. Martel: That is what worries me and that is why I presented it. As I say, that came from the Hamilton and District Labour Council. In Gananoque, we know who was involved.

Let me give you a third example. This one is rather interesting. It involves the Ottawa Board of Education and women using duplicating machines. One of the women became ill. As an old teacher myself, I thought one would have to be exposed to a lot of duplicating fluid to be affected. But she was, because she ran off all of the exams for the high schools. She was in there many hours every day.

She brought a medical report from her doctor indicating that she was having problems and she should not work in there. The inspector was called in and he could not smell anything. He

did not support the woman at all, even though she had a medical report.

There is an interesting sidelight to this, though. The Ministry of Education sent out a memo warning against the danger of overexposure to duplicating fluids because it could cause possible liver damage. That was sent out by the Ministry of Education. This woman brings in a medical report to an inspector, he goes in and sniffs around and says there is no odour, therefore there is no problem. He does not accept the medical report and he ignores the directive of the Ministry of Education.

Other things under the right to refuse are occurring, particularly for seasonal or probationary workers. If a worker refuses to work in an unsafe condition, management merely moves that worker along the line and brings someone else in who is prepared to do it. It is particularly difficult for workers on probation or part-time and seasonal workers to refuse.

Surely when there is an unsafe condition and there is a work refusal, that should be inspected immediately. If it is not resolved, the Ministry of Labour must come in. We should not allow that machine, whatever it is, to operate until the problem is resolved. I do not think that is asking too much, because without it, there is virtually no protection. You can always find some other worker who is prepared to do it. When a worker refuses to work on something, it should come to a stop until there is a satisfactory solution.

Many of the workers complained that when they used this section of the act they were given menial jobs, they were given dirty work. One worker at B. F. Goodrich lost pay because he refused to work. He was given the base rate of pay for that job, but not the pay he was entitled to, based on the actual salary he should have been drawing.

The case I would like to drive the point home with most—I am getting there, I have only about eight more pages of notes—is the MacKenzie Hall situation, with which I am still not satisfied. This situation is mad, to say the least. I have the brief to city hall prepared by the union.

Five workers—part-time, because they were just trying to qualify for UIC—are working and they are exposed to asbestos. Everyone in this room knows that asbestos is probably one of the most deadly types of substances one could be exposed to. There is a body of opinion that says even one fibre can cause—

Mr. Wrye: No levels are safe.

Mr. Martel: That is right; no levels are safe.

Well, these five workers did not have equipment. Dust conditions were bad.

The first day they got the masks four hours late. This process went on. The rooms were not sealed off on another day. There was no protective clothing. There was no wetting down to keep the asbestos from becoming airborne. The asbestos vacuum was delivered to the site some days later, without a proper filter. The workers refused to work, so they were sent home.

I thought the act says there will be no reprisals. The five workers have the option of working in asbestos without a mask and without proper protection, or going home. They eventually put some barriers up and they eventually made some modifications, but that does not last.

In the whole process, you have yet another work refusal and so the company threatens to close the job down because there's no money in the budget. That's a responsible position; there is no money in the budget, so they'll close the job down.

There were three work refusals in there. Workers were sent home on several occasions. Staff was sent in. The union told me that on one occasion the representative from the Ministry of Labour was right on the spot when the worker was sent home. The answer we get is that the Ministry of Labour staff member thought it was just an argument and let it slide.

If one were to really look at that situation, the ministry issued orders, they reissued orders; there was every contravention of rights that are now in effect. It violated everything that was there. The minister said to me the other day: "Where ventilation is required, we will reissue an order. On new equipment and the like, we will give them an opportunity." I agreed with him. You see, that wasn't the case here. They were just doing a reconstruction job.

Once you start to issue orders and you have to reissue those orders, and once your staff sees reprisals by sending workers home, then surely it's incumbent for the ministry to respond. The minister in the letter written for him by his staff says, "After careful assessment of all of the available information to date, the director of legal services has advised that he feels there are no grounds upon which a successful prosecution can be launched."

I'm not sure what type of case your legal staff would believe is an opportunity for a successful prosecution. It seems that anything goes and there are never sufficient grounds. Workers are sent home, orders are reissued and there is no prosecution.

Mr. Armstrong: You talk about the worker being sent home. You have the report. There was an altercation between the foreman and the worker. The worker was home from nine o'clock until three o'clock. When they got the problem of the masks resolved, he returned to work and he was given pay for the full day. You have that in your report and you don't tell us that.

Mr. Martel: Wait a minute. That isn't what the problem is. You tell me what worker out there is going to use the act if he is afraid of losing his job. Why should there be reprisals against the worker because he has refused to work in an unsafe condition? When are you going to answer that?

Mr. Armstrong: The point I am making is that in this particular case the worker prevailed. He was proven right. He came back. He got full pay. That's the full story.

Mr. Martel: No, there was more than one work refusal and there was more than one occasion when workers were sent home.

Mr. Mackenzie: We have a pattern.

Mr. Martel: I don't want to be diverted. You see, the issue is: does the worker have the protection of the act or not? Can he refuse to work without being sent home or fear of reprisal? That's the issue. That's what this act is supposed to guarantee.

These five men prevailed. Can you imagine the position they were in; some maybe less tenacious than this man?

Mr. Wrye: In a non-union shop.

Mr. Martel: A less tenacious worker in a non-union shop would have accepted it and worked with it. He said no, and his co-workers joined him.

Mr. Armstrong: And he prevailed.

Mr. Martel: And he prevailed. Now, what did the ministry do when they found out that the company, the city in this case, was using a work reprisal? What the hell is section 24 in the act for? You might as well throw it out.

If you're going to say to me that "reprisals by employer prohibited" doesn't mean what it says, then we should strike it out of the act. It's not whether some workers prevail, because that's not at issue. What is at issue is whether the employer violated section 24 of the act. That's the issue as far as I am concerned.

I'm no lawyer, but to me that's the issue. I say as long as management can do that sort of thing in the province, you're tearing the guts out of Bill 70.

The workers prevailed at Dresser, too. They prevailed there. They got their pay after a lengthy hassle; the 38 and the one. When intimidation is evident, why won't the ministry lay charges? There must be a deterrent against companies which use this practice.

Let me ask the deputy minister, how can the unorganized be protected? Why should workers fear reprisals? The act guarantees them the right to refuse.

Mr. Armstrong: I take it that's a rhetorical question. You don't want an answer to that.

Mr. Martel: No, not now. The minister is going to respond. I just wanted time for it to sink in.

Mr. Armstrong: There are answers to that.

Mr. Martel: The purpose of the bill is to prevent serious accidents and illness. If you tear out the right to refuse, then the whole intent of that section of the act is gone. I could list a number of examples of work reprisals which the minister has had to deal with, in 1982 primarily, and in which the minister has refused to move.

If one looks at Inco Ltd. and their latest little game, they sent the whole shift home when a worker refused to work. What do you think that does for a worker when the entire shift is sent home? Do you know who the fellow workers blame? The man who refused to work.

There were other places those workers could have worked. When you send a whole shift home because one worker has refused, who becomes the culprit? Is it the company because they have an unsafe condition, or is it because they didn't bother to find work for the other 10?

Who becomes the victim? It sure as hell isn't the company, because they're mad at their co-worker for refusing to work. They blame him. Aside from that, should he be sent home because he has refused to work?

In the second Inco case I went to the trouble of getting the affidavits of the workers who had been intimidated by the company. They were told that if the conditions they had stopped work for weren't proved, they would be fired. We got the four affidavits. We sent them to you. The position the ministry took is that it's a difference of opinion between management and the four workers.

That's some difference of opinion; you're going to lose your job if the conditions you stopped work for aren't proved. It's interesting. On that occasion, the ministry went in and forced the company to put a fifth worker back on the job. Again, there is the point though: a

tough union wouldn't back down, but it's up to the union if they're going to go to arbitration.

The minister stands by and watches this form of reprisal. Again, I'm no lawyer, but does that happen in other laws? When it is clear-cut, do we just forget about it?

9:10 p.m.

I could mention Dresser Canada Inc., which I did earlier. I could mention Wilco Canada Inc., and have done so, although not extensively.

In the case of Wilco, as my friend knows, the company told the 16 men who had lead poisoning—we have the company's letter if the deputy minister wants to see it—that if they quit, even on medical grounds, they would not get workers' compensation or unemployment insurance. Tell me what the hell a worker does when his doctor says, "You have lead poisoning"?

The Workers' Compensation Board is moving in on lead poisoning. I have had some of those young men before me, and there are several who I am sure have permanent damage. It was pathetic to watch one young man in particular.

The company sent them a letter, however, saying they would have no source of income if they quit their job; no compensation and no unemployment insurance. Who is going to tell a bunch of workers in an unorganized shop that it is not true?

That is what management told them. We have the letters, if you want to see them. That is not intimidation? That is not a threat? What is it?

Some of those men are either sterile or impotent. There have been no charges; nothing for the threats. Some of the workers are still trying to get rehabilitated. The interesting thing is that the young men who focused on it, that group—because there is no union—have all been laid off, because they were troublemakers.

The first case of Wilco lead poisoning for the Workers' Compensation Board was in 1975. I would like to know where the WCB was when those cases started to come in. I guess there were 16 or 18 of them in total. Where was the board? Did it report to the ministry and say, "There is a danger there"? They responded after the fact.

Surely that is where the industrial diseases will show up first, as the claims come in. Surely the WCB should be warning the Ministry of Labour and the various people involved in occupational health and safety that there is a very serious problem developing in a plant.

I had an interesting case. As the minister knows, I spent a little time in hospital last fall.

The doctor who treated me told me an interesting story about a company he knew. He is an ear and throat specialist. He had four men come into him from one plant. They all had industrial hearing loss, so he wrote to the company and said, "You have a problem in your plant, because four of your staff have a hearing problem."

He said the company wrote back to him and told him to mind his own business. So he immediately got the four men to file applications with the WCB. The doctor's interest was to reduce the hazard. He just could not understand the company's position. He thought it was just horrible, so he took the company on by taking his four patients to the board.

Can you imagine? It is out there and it is real. As I said, with Wilco—coming back to this and picking up the pieces—the board should have warned you. There have been all kinds of cases. In five years, the ministry has laid just two charges for reprisals. They dropped one and are still looking at the second one.

That is magnificent stuff. The possibility for reprisal is endless. It can be done in so many ways. Tied in with the right to refuse with no reprisal are the unorganized workers, even more so than the organized, because they have no protection at all.

I might refresh your memory about those people who made the presentation to the royal commission. They were not people I knew. They simply said, referring to inspectors: "However, all agreed that the job as inspector in the small unorganized establishment is made particularly difficult by the tenuous position of the employee. It is almost trite to point out that the internal responsibility system cannot operate effectively where a worker thinks or fears that he jeopardizes his job every time he lodges a complaint."

That is MacKenzie Hall, unorganized; that is Wilco, unorganized—in fact, that is our friends at Irwin Toy Ltd., unorganized.

Mr. Armstrong: Just give me 30 seconds. You remember very well the debate on the reprisal section. I do not think Mr. Wrye was present at that time, but Mr. Williams and others may have been.

It was said that it is not sufficient simply to prohibit reprisals and leave it to prosecution to punish those who engage in reprisals, for a couple of simple reasons. First, in a prosecution the onus of proof is a criminal one. You have to prove it beyond a reasonable doubt. Second, and more important, all that a provincial court

judge can do is impose a fine. He cannot reinstate the worker, he cannot issue cease and desist orders, he does not have all the range of remedies that administrative tribunals have.

Mr. Martel: Right.

Mr. Armstrong: Therefore, the Legislature and the committee, in their wisdom, inserted two provisions that said, "You can go to the Ontario Labour Relations Board if you are unorganized; you can use the grievance procedure or the labour board if you are organized." It recognized that those are much more effective remedies. The tribunal has the arsenal of weapons to use against the employer.

In my view, as a former practising lawyer, those remedies are preferable, and that is why they were put in. There was a good deal of debate on that, right in this room.

Mr. Martel: Yes, I understand that, but I am saying that they are doing it.

I am going to come to it, because I am going to get back. Let me ask a series of questions which will put you on the spot, okay? I knew you could come back, and I very deliberately marked in the points in red that I wanted to ask.

With respect to unorganized plants, do you know how many have health and safety committees? Do you know if the workers were properly appointed? In other words, do you know that management did not interfere, as they did in Irwin Toy, appointing their own people?

Mr. Wrye: They were appointed under the act.

Mr. Martel: The act says they will select their own; except in Irwin Toy, where Irwin named the health and safety committee. It was all heart, and the minister could not understand why he got no complaints from that plant. To me it is pretty obvious.

Are there regular meetings being held by those health and safety committees? Is there compliance with the act in the unorganized work places? Do you know that for certain? Are workers being educated as to the content of the act and their rights under it?

Mr. Wrye: Remember he has only an hour to respond and you have just taken half of it.

Mr. Martel: Who is funding the training of the health and safety committees in the unorganized firms so they will know what their rights are? How are they protected against reprisals?

9:20 p.m.

Let me just quote for the deputy minister something that can drive home the point that

here is not much going on in the unorganized plants. I did not bother looking at this year's statistics. I borrowed Linda Jolley's statistics from a paper she prepared. The deputy minister will know who Linda Jolley is. In the paper she prepared, *Living with Contradictions: Health and Safety Regulations and Implementation in Ontario*, she was doing a critique of the other report.

"During the Ministry of Labour's estimates in December 1981 the minister provided the standing committee on social development with the following statistics: During the year 1980-81, they inspected 45,342 work sites; 12,000 were unionized and 33,000 were not. Of the 39,000 orders issued, not one per cent ordered for inspection; 21,419 were to organized sites and only 18 were to unorganized sites."

There are one or two interpretations. Either in the unorganized sites you have a management that is caring and working very hard and that is why you do not have to write as many orders, or you have that irresponsible group in the organized plants who are demanding too much. Those are the two interpretations one could place. I could make a few more.

If you have double the inspections in the unorganized shops as you have in the organized shops but you have issued fewer orders, I can only conclude that management is not pointing them out—that is what the unions found—and the workers do not know what their rights are under the act, or they are afraid in front of management to indicate what the problem areas are for fear of reprisal.

You cannot have it both ways. I would remind you that two thirds of the plants in the province are not organized. So you cannot have it both ways. You really cannot.

Mr. Armstrong: Those are interesting hypotheses. The Advisory Council on Occupational Health and Safety, like your task force, was not an exhaustive review of the entire province, but they did a tour. I think you are probably aware of the mixed results of their tour. I make no brief with the finding, but they found this tripartite body had very good results in some organized companies. They heard about those good results from employees as well as from management. I say that in a nonprovocative, impartial way.

The points you raise are good ones. I think you are also aware that the advisory council, not content with their brief overview on their trips, has a task force that is going into some of these problems in depth. We had wanted to do the same thing, but we have decided to defer to the

task force. They argued that it was more objective if an external task force looked at some of these questions, rather than have the ministry look at them directly with the possibility that there would be some special pleading going on in the ministry's reports.

I think the questions you raised are interesting ones. I think the conclusions which you draw are not characterized at this point as anything more than hypotheses.

You cannot have it both ways? I do not know what you mean by that. Maybe you can have it both ways. Maybe there are a whole variety of factors, a whole matrix of things, that are happening out there. But to try to reduce things to black hats and white hats seems to be, at this point, not very healthy.

Mr. Martel: I can only tell you that you can send someone out, and I am pleased to see that you might send someone out, but before you send anyone out, unless you know who has appointed the health and safety people in any plant, you will not get an honest assessment of what is going on.

In the case of Irwin Toy Ltd., the minister, in his response to me in the House, said there were no complaints. But after I got that letter, we found out that Arnold, dear Arnold himself, had appointed the health and safety representatives. What kind of people do you think Arnold appointed? Do you think he appointed those who were interested in health and safety or do you think he might have appointed people who were company-oriented? Which?

That is why I raised those types of questions. When we went out as a task force, our problem with the few people who did appear before us was their fear. After the second trip to Arnold Irwin, everything was copacetic, except we raised a second set of questions. You sent out Cliff Basken. I think he went to see that plant too. There were 22 orders issued. Was that not strange? There were no complaints from the worker representatives, but when the inspector went in and started to look around, he wrote out 22 orders.

I am trying to find out what the handle is. It comes back to the funding I made the comparisons on when I wound up yesterday; the \$25 million the Workers' Compensation Board gives to the Industrial Accident Prevention Association. What are we going to do to ensure that the workers are as equally educated? Free the unorganized plants.

I will be quite frank. I do not think you know. I do not think the ministry has a handle on it. I

hope I am wrong, but I do not think I am, because I can give you examples; the Aerofin Corp. case. It was interesting when we spoke to the two young men from Aerofin, the case I reported to you earlier. That plant has only been organized in the last year. The two men who appeared before us had been there for seven years and had never heard the phrase "health and safety" until the United Electrical, Radio and Machine Workers of America organized them.

One of the two young men who appeared before us has a brother-in-law working in the next plant over who had never heard about health and safety except what he has gotten from his brother-in-law, who is now a member of UE. That was the sort of difficulty we had.

We had people from McMaster University before us. If we have time, Richard Allen wants to come in and speak on that because there are tremendous problems there with the unorganized. They would not appear publicly.

As I say, I do not think we know what is going on and if one wants to go back to Wilco—one of the most atrocious lead-poisoning cases I can think of—they were unorganized and they did not know their rights.

I give the minister credit. He closed the plant down. He finally had enough of their nonsense. But if we had not highlighted it in the House, based on what a journalist and Sym Gill of our research staff had put together, we would not have been in there. At least, it would not have been known publicly.

But you see, the minister eventually had to move in. I give the minister credit. He closed them down because they would not comply with the lead regulations. How do we know what is going on where it is unorganized? So help me, I wish I had an answer.

Mr. Armstrong: I think that is right. In any jurisdiction with 167,000 work places, whether it is organized or unorganized, the information base at any given point in time is bound to be deficient. Your task force came up with some interesting and, in some senses, disturbing findings. You would admit that it was largely anecdotal.

In the minister's opening statement he gave you a list of two dozen companies where our inspectors tell us the safety records are exemplary. You can trade company names all night, but I agree with you, that does not get to the heart of the problem.

That is why some more systematic analysis of what is going on out there is called for. That is

why we have agreed with the advisory council that a systematic study should take place before you start characterizing the whole system as rotten or corrupt or inefficient.

9:30 p.m.

Mr. Martel: Wait a minute, I said in my statement very carefully yesterday that the minister was playing that game with me. He was saying, "For every bad company you can name, I can name a good company." I accepted that. I am only talking about those people who came before us and I am asking you to deal with the bad companies. I'm not asking you to go after those who are complying. I want you to move in on those who aren't complying, who choose to ignore the act, who choose not to be concerned about the health and safety of workers. Don't tell me about 25—I probably could sit down and name 100 more companies that are doing a good job.

Mr. Wrye: It is interesting that you characterize the findings of Mr. Martel's task force as anecdotal. A lot of the information it gathered is anecdotal. That is one of the problems of any, in a sense, political task force. I think they recognize that going in. We did that, as well, with the health care task force.

It is interesting you also characterized their findings as disturbing. I will use the Wilco case, which was brought to the attention of the Legislature on a number of occasions. Given that there are some disturbing aspects, and that compliance, after some time, is not 100 per cent or anywhere near it, why would you not, where it has developed a firm is clearly in violation of the act repeatedly, bring that—I don't know how many others there are where you've taken the action you did at Wilco—

Mr. Mackenzie: Plenty of evidence there.

Mr. Wrye: —bring that to the Legislature, announce that, make it public, publicize it, indicate that this minister and this ministry is going to be tough at some point along the line and, in effect, at least by your actions there, scare some of the other noncompliers into complying? Why would you not move along those lines?

I admit, as my friend has said, there are good ones. That's fine. We all love to know them, but that's not important. It's the bad ones we want to know about. I'm sure your ministry and all of us who are involved in this thing want to know about them.

Hon. Mr. Ramsay: In the case of Wilco, it was in all of the metropolitan papers in Toronto and

the papers in London and the television stations and everything else. It made headlines that weekend.

Mr. Mackenzie: How long it took, Russ.

Mr. Wrye: All I'm asking is would you consider—I don't know whether you have—adopting it as a policy? Perhaps you might want to respond to it as a matter of course, indicating that from now on, where there is a closure under the act, where the lack of compliance is so far-reaching and broad that we order a shut-down, that we will publicize that. In effect, we will hold the noncomplier up to the ridicule of his contemporaries in the community.

Hon. Mr. Ramsay: I think that's done automatically. It's not necessary for me to rise in the House to do that. It's done in a much more effective way by the media.

Mr. Wrye: It isn't if they don't know about it.

Mr. Martel: Let me go back to what the deputy minister said. He said the things we were doing were anecdotal. I'm not sure what he means.

In most of the cases we have documented so far we have been able to dig out the inspector's reports. In the case of Wilco, it's not anecdotal when I have a copy of the letter before me which says: "If you do not accept this transfer, we have no alternative but to terminate your service with our company. You would not become eligible for workmen's compensation or unemployment insurance." What's anecdotal?

Mr. Armstrong: Let me try to tell you what I mean by anecdotal. What I mean by anecdotal is when you get a national safety representative for a union coming before you and giving his summary or his recollection of what happened in company X or company Y.

I would rather not get provocative but I could give you an example of a company you heard about during your task force that was in the northwestern part of Toronto. It was reported on by a national health and safety representative of one of the most prominent unions in this province. Allegations were made about the health and safety practices in that company which were widely reported. They were reported in the Toronto Star. We checked with the local union president and found that at least 60 per cent of them were based upon erroneous conclusions.

I am sure it wasn't deliberate. I am sure he was provided with information which, had he reviewed it, he would have realized was inaccurate. That's one of the difficulties in a task force

where you don't have someone who is being questioned by the people who have the other side of the story. You get a one-sided picture. Sometimes it's perfectly accurate, but you don't have evidence tested.

I think that was one of the deficiencies in your inquiry. You didn't have anybody but the people who were probably genuinely aggrieved in most cases, but you didn't have the allegations tested against any kind of objective set of criteria.

Mr. Martel: Except we have insisted on having the documented background for any case we have raised in the House. Even as I speak tonight, we are not raising anything that we have not been able to substantiate.

I want to deal with the last major area. I want to try to reduce it, but I can't leave it without talking about designated substances or the chemical compounds or the toxics. Call them whatever the hell you want. It was the area of greatest concern as we travelled. We had representation from the teachers. We had representation in Windsor both from teachers and firemen.

Firemen, for example, don't know, when they're fighting a fire, where the chemicals are stored and they go in almost blind. They have made some good recommendations on what you could do, but when you send in a fireman he doesn't know the floor plan and where the substances are. If they are assured that they are piled in those areas, they just don't know.

We heard from unions dealing with chemicals. We heard from the unorganized, from hospital workers, from farm workers and from pharmaceutical workers, all on chemicals or whatever name you want to give them. The fear is there. It is real. They have no idea what the substances are, either by themselves or through the process that's in operation. They don't know what's happening to them, but they know something is happening. If you talk to the pharmaceutical workers, they will tell you about the problems of feeling drowsy and so on.

If you talk to the firemen, as I say, their fear is of going into a building where there are chemicals, because they don't know how they are stored. Some are combustible, side by side. If you go to the farm workers—one only had to watch W-5 and see the horror of that young man from the United States whose lungs were destroyed and who had several transplants.

There is fear with respect to materials used in the work place and there is no available information for it. What little there is, by and large,

is kept from them. They have to write all over to try to get it. When data sheets are available, most of them don't contain sufficient information to be helpful. I suspect some of it's deliberate.

Hon. Mr. Ramsay: Excuse me, could you come back again on that statement?

Mr. Martel: The data sheets; the sheets that are prepared by some people as to what the chemical composition of something is.

Hon. Mr. Ramsay: Yes, I know what you mean.

Mr. Martel: If there is a trade name, you don't know what the substances really are, not always, or it doesn't tell you what the effects of overexposure to that might do to you.

Hon. Mr. Ramsay: I'm sorry, on the comment you made about deliberate; deliberate on whose part?

Mr. Martel: Oh, the chemical industry. There is no doubt in anyone's mind out there that they do not want people to know. They use the excuse that it is a trade secret to protect themselves from not having to give out that information.

9:40 p.m.

I listened to a lawyer at a conference here in Toronto just a couple of months ago. He said that companies are now getting together on all of these charges and are prepared to spend vast sums of money so substances will not be considered carcinogenic, for example. They have been spending tremendous piles of money pooling their resources to beat it back. I will come to it in a few moments. I am just listing what the concerns are.

The major concern is the regulations which are in effect and which are still discarded with impunity. Over the fall and spring, we have raised three or four cases. I tell you I am amazed. In the minister's leadoff, he said that unless you have a regulation, some people are saying there will not be any charges laid. In fact, there aren't going to be. If you read the judge's statement, he is very fair. He is not going to determine who is right or wrong. He is not in the position to make that determination.

What was the terminology used by the minister? The minister says, with respect to designated substances, on page 61: "First, it is believed in some quarters unless a particular substance or agent has been designated and has a regulation of its own, there is no effective means of controlling exposure to it. This, of course, is entirely incorrect, aside from the

general and specific duties of employers under part III of the act, including the omnibus duty under section 14 to take every precaution reasonable under the circumstances for the protection of a worker."

You do not apply it to any other section of the act because I have given you some of the regulations which your own people are using, a comparison of 17 and 23. If one were to have applied that in the case in Windsor with the school board, and the ministry itself had taken the initiative and prosecuted, we might have set the proper sort of tone in the courts that we want. If the first case is lost, I think you are in some difficulty.

The judge concludes in his ruling: "Hopefully, in the not too distant future, there will be rules and regulations enacted in the province of Ontario setting out a standard which sets out specific rules and regulations that must be followed wherever asbestos is present. Indicating failure to follow such rules and regulations would constitute a violation of the law. One would expect that, in addition to dealing with this exposure standard, the standard would probably deal with engineering, tooling, etc."

If the judge says he needs a regulation for asbestos, do we need regulations for the other 500 substances coming on to the market annually? We could never have enough—

Mr. Armstrong: On that Windsor case, that is one of the difficulties of taking a case and using it as a general indictment to the possibility of prosecution, for example, under regulation 145. One of the difficulties in the Nosanchuk decision was that the prosecution—in that case, the Canadian Union of Public Employees—called a witness who was equivocal about the health damage.

Gordon Atherley was called and he gave evidence that was equivocal. That is always very disappointing when the prosecution gets a witness on the stand in examination in chief and does not come through. You conclude from that that there is a fundamental defect in regulation 145. I am not prepared to draw that conclusion.

Mr. Martel: I am not saying that at all. I am saying that unless the minister is prepared to use in this what he is saying for those substances where there are no regulations, then I am not prepared to admit that the ministry is going to do it. You should have prosecuted in this case. The union wanted you to and asked you to. You chose not to.

If one wanted to, one could deal with the Sudbury library where the worker was exposed

cleaning up asbestos without protective equipment. One could have dealt with Surrey Place where you had a whole raft of orders and the Ministry of Government Services was involved. You didn't.

Mr. Mackenzie: I wouldn't worry about that decision being used as a precedent.

Mr. Armstrong: That decision does not make me terribly happy, but the point that was being discussed was the point the Star made in an editorial the other day and the Ontario Federation of Labour made in a brief to the Advisory Council on Occupational Health and Safety. It is this point that I think is misleading the public.

People are saying there are three carcinogens designated in Ontario now; therefore the workers in the work places across the province are totally unprotected with respect to all other carcinogenic materials in the work place. False, absolutely, utterly false, misleading and detrimental to the morale of the work force of the province.

Mr. Martel: I have the statement that was made to the advisory council and I am going to quote it in a few moments.

Mr. Armstrong: Do you understand the point I am making? There are provisions under the act which enable—section 20 enables an inspector, the director, to close down a work place, and you do not have to prosecute, if he finds there is a substance in it that is likely to endanger the health and safety of a worker.

You are aware of regulation 145, which enables a prosecution to be brought where a toxic substance is present and there is a likelihood of inhalation, ingestion or skin contact and a requirement that the substance be isolated, that adequate ventilation be provided, that personal protective clothing and equipment should be worn, that showers should be provided, hot wash fountains.

Mr. Martel: How many have you closed down?

Mr. Armstrong: What I am saying there is that people who go around the province and say there is not protection under the law for people, except with respect to three designated carcinogens, are simply misstating the law.

Mr. Martel: I was not talking about just three carcinogens. Let us deal with some cases where the ministry has been involved. The ministry has failed to respond not only to its own regulations, but to those substances which are about to be regulated and has failed to use this in other cases.

I raised the matter of Ferranti-Packard Ltd. and I said I got a sheet. The minister wrote me a nice letter and he said that was wrong. I wrote back and the minister sent me a copy of this confidential memo.

Let me make just three points because you know the case I speak about. You sent the report to them supposedly on December 12. On December 16 the union wrote to you and said it did not have a report on substances about to be designated. Did anyone pick up the telephone and say, "Have you got the report now?" Let me make a second point.

Hon. Mr. Ramsay: Excuse me, before you do, this is something I have not heard before. You said the union wrote and said they did not have it?

Mr. Martel: The letter was sent on December 12. You sent me a copy, which I appreciate. The union wrote on December 16, four days later, saying they had not received this report, signed by the president, D. A. Macmillan. He said: "I write to your office of the Ministry of Labour regarding the hazards involved in cutting of GPO-3 lastic board." Four days after you sent yours out—I do not dispute it was sent out—the union wrote and said, "We haven't got it." Did anybody pick up the phone and say: "Have you now got it? Maybe our letters crossed in the mail."

9:50 p.m.

What also was awful was that the inspection occurred nine months before. Nine months for the matter to be analyzed? Then you send it out and you wrote me in good faith. I don't dispute that for a moment, but the union wrote us back—I shouldn't say "back", I don't want to be wrong—four days later and said, "We haven't got a report yet."

Hon. Mr. Ramsay: That is right, and I wrote to Mr. Turk. I sent a letter to him today, stating that it had been sent. I wasn't doubting the fact that Mr. Macmillan hadn't received it.

Mr. Martel: I am not suggesting for a moment that the ministry didn't send it, but when the union wrote, why didn't someone contact them? They appeared before the select committee complaining they had never received the analysis. This is a rather hazardous substance; it is about to be regulated.

Hon. Mr. Ramsay: Do you have a copy of the letter that was sent four days later, you say, in 1980?

Mr. Martel: As I say, your own letter went out

nine months after the analysis, advising the workers that they were exposed to a hazardous substance. I guess the laughable part is they do the cutting after everybody else has gone home; they keep some people around to continue to do the work.

If we are really interested in the regulations, we could go on with Surrey Place. Surrey Place bothers me to no end because you knew; there was a government involvement and you issued orders. In fact, when I went to see you some time in July, you had just issued another 17 orders. What bothers me is that kids were playing around with dolls that were covered with asbestos.

Hon. Mr. Ramsay: Elie, in fairness though, I asked you for that doll.

Mr. Martel: Yes, I have it, and I said I wouldn't give it to you because the union wanted it back.

Hon. Mr. Ramsay: You wouldn't give it to me because I wanted to get it tested.

Mr. Martel: All right.

Interjections.

Mr. Martel: I still have it. You knew about Surrey Place, people knew about Surrey Place and the ministry knew. They didn't check with all the appropriate people, but none the less, you knew and it was tolerated. When you tell me you are going to use these parts of the act, you are not. People with impunity go on letting workers work under those bloody conditions when we know there is no safe level for asbestos. Try to convince me that you are moving on them.

Mr. Armstrong: There will be a detailed reply. The number of orders—we will have them for you—under section 145 of the industrial regulations are in the 700 or 800 area for one fiscal year.

Interjection: One thousand, to be exact.

Mr. Armstrong: One thousand—twice what I said. As usual, I am understating the case.

Mr. Martel: How many charges have you laid?

Mr. Armstrong: We issued 1,333 orders under section 145 of the industrial regulations, which is the toxic substance regulation covering carcinogens and noncarcinogens.

Mr. Martel: How many charges have you laid?

Mr. Armstrong: We have that figure too.

Mr. Martel: How many charges did you lay? That one was readily handled.

Interjection: In relation to section 145?

Mr. Martel: By tomorrow. Let me just—

Interjection: How about Monday?

Mr. Martel: Monday, all right.

Mr. Armstrong: You usually go home Thursday night.

Mr. Martel: I'm like the minister; I stay around when it is necessary.

I could quote the facts on Surrey Place, for example the number of orders you have issued. The frustration for me is that we know that the substances are there and we know that they are hazardous, but people ignore the regulations. Surely you can't tolerate people being exposed to that.

Let me tell you about Dow Chemical. It's an interesting one; you might want to check it for being factual too. The union in Dow complained about asbestos. This is one of the two anecdotes I'm giving you that I haven't been able to check out; I hope you can check this one out. They complained for quite some time about asbestos.

They started to work for two full days and cleaned up. Do you have a Dr. James on your staff? He showed up, according to the union, and the company got a clean bill of health. That was helpful for the workers. I haven't confirmed this yet, though, so I state the reason categorically. I haven't been able to confirm what, in fact, went on.

I won't talk about the Sudbury library; we've been through that one. Again a poor worker, uneducated, untrained, cleaned up asbestos for a long period of time. I hope that somewhere down the road he doesn't show up with some type of industrial disease.

I want to deal with just one company for a moment on designated substances. This one's dear to my heart, Westinghouse; it got me in trouble. Let me make a couple of points. I appreciate what the minister has done, and I am going to give him credit in a few moments. Westinghouse had two noncompliance orders for assessments—March 26 and September 15—and two noncompliance orders for control—September 15, October 28. I was pleased when the minister involved himself. He indicated to me that he is going to get it cleaned up and I believe him.

I want to remind you that the regulations were passed in 1981 with respect to lead. If it

didn't have for Stan Gray keeping the issue alive, I wouldn't have got involved; the minister couldn't have got involved. In fact, we might have had the situation continuing. I could have saved Woolco with respect to lead, but I don't want to, because what bothers me is a report I received and I commented on. I got a letter from the minister today on the lead problem here, which I appreciated. There are only four points I want to make.

Why wouldn't the ministry have used the paint with highest lead levels for testing, rather than gold or grey? I question the statement in the report that was prepared for me, and maybe someone will want to say why it was made. I keep it properly wrapped because it has got to be in two bags and so on, so I'll give that to the minister. That's Surrey Place. I can also show you the mask that is used at—

Hon. Mr. Ramsay: You showed that to me before.

Mr. Martel: Yes, but you said you wanted it.

Hon. Mr. Ramsay: I do. I want to get it tested.

Mr. Martel: That is the mask the workers were using; it is very protective.

Hon. Mr. Ramsay: Can't we have the other bag?

Mr. Martel: You can have the bag. I question the statement made.

Mr. Mackenzie: If you inhale a few times deeply, you can tell us whether there is anything here.

Mr. Martel: The statement which was prepared for us on November 26 said the company had gone on beyond the requirements. I want to know whether that statement still holds up—that back on November 26 the company had gone beyond the requirements—because somebody is going to have to show me where they went beyond them. They might be in that situation now, but that was because of the minister's direct intervention about seven or eight days ago.

Mr. Armstrong: I think I can help you there. I think the reference there was to the provision of respirators beyond the requirements of the code. Again, that's the difficulty of quoting out of context.

10 p.m.

Mr. Martel: Let me quote then in context.

Mr. Armstrong: Just let me finish. Dr. Robinson reminds me correctly that it had to do with getting the agreement of the health and safety

committee with respect to a particular matter, not simply consulting the health and safety committee. Am I correct in that?

Mr. Martel: Let me quote precisely what was said. "It appears that the company has responded to the orders issued under the regulation respecting lead and has gone beyond the requirement for consultation with the committee to try to reach an agreement on the provisions of the control program." Now tell me after our little meeting a week or so ago whether you think, based on the minister's actual intervention, that they had gone beyond the requirements. I question that. I don't believe it.

I want to raise a question about the day we had the little meeting. There is a statement in here on page 4 that says: "The allegation is that Mr. Rajhans told the New Democratic Party lead levels as high as those at Westinghouse should constitute grounds for prosecution. Mr. Rajhans denies the allegation. He has not had direct conversation with the NDP." The day we went to your office my researcher, Anne Wordsworth, introduced herself to Mr. Rajhans. He said, "Yes, I know. We've talked before."

It about blew her mind because she had read this. You wonder why I question some of the statements. I had to bring in Anne Wordsworth for that. That's in his statement. I didn't make that statement. That's a ministerial statement. I want to tell you we had consulted, we had phoned, Mr. Rajhans. In fact, it was about Anne Wordsworth's 10th or 15th day working for us and her first day working on occupational health matters when she made the call.

Mr. Armstrong: Again, it seems to me that one of the dangers here is getting bogged down in trivia.

Mr. Martel: No, it's not trivia.

Mr. Armstrong: Mr. Rajhans is an honourable person and can speak for himself.

Mr. Martel: So is my researcher.

Mr. Armstrong: Indeed, he may have to before these proceedings are over. So is the author of this particular report. You did not read the entire statement. You know—because we've talked about it—the source of the misunderstanding. Rajhans throughout said that at no time did he ever speak to anybody in your office with respect to Westinghouse. That is a factual statement, and he will make it to you himself. Your researcher may agree or disagree with that, but that's what he said. He has never departed from that proposition, nor does this

statement attribute anything else to him.

Really, in estimates of this sort, I don't really know what purpose is to be served in debating this kind of minutia.

Mr. Martel: I don't think it's minutia, I'm sorry.

Mr. Armstrong: I believe your staff member. I believe my staff member. I believe there was an honest misunderstanding about what was being talked about.

Mr. Martel: You might term it minutia, Tim, but I don't, not for a moment. There were a number of facts in that statement which I don't believe. I'm not going to go into it. I am prepared to, but I'm not going to, except by raising just those four questions and leaving it there. I would like some answers to those issues about whether they went beyond the assessment or not.

Hon. Mr. Ramsay: You will get those answers, I assure you, but I would like to leave that part of your discussion on an upbeat by advising you that today all of the assessment orders were signed by the union officials, including Mr. Gray, well ahead of the deadline that was imposed. Everybody seems to be quite pleased about it.

Mr. Martel: That's why I said I appreciated the minister's direct intervention. It would not have occurred without the minister's direct intervention.

Hon. Mr. Ramsay: I cannot accept that fact. I'm sure it would have occurred.

Mr. Martel: I know the minister is very humble.

Hon. Mr. Ramsay: No, I'm not being humble at all. I just know the intention and the work of the ministry officials involved.

Mr. Martel: I know we spent many months trying to get a proper assessment. Your intervention has led to that proper assessment. That is all we wanted from the beginning. I just tie it in to the whole of toxic and designated substances.

Let me tell you one interesting little anecdote. There was a fellow by the name of Ron Rowbottom at American Can of Canada. American Can was using silica and the union complained. The company wrote the ministry saying, "We're not going to use silica any longer." After the letter went into the ministry, they reintroduced silica. I think there is an easy solution to that sort of problem.

I make the suggestion to the minister and the deputy minister that when the company responds

to any type of order that the health and safety committee must receive a copy of that letter, again, because we don't have enough staff to police and investigate. If the company had to send to the union the information they submitted to you, you wouldn't need an inspector trying to investigate or follow up. I think you might consider that as a change that is possible.

Mr. Mackenzie: It would be extremely useful.

Mr. Martel: I just think it would save us all a lot of headache. I could quote. I won't, but I want to say to my friend, the deputy minister, I have the statement made by Linda Jolley and Terry Meagher on designated substances. I have their calculation that, based on the rate of speed you are going with carcinogens, it would take 350 years for all the substances to be regulated.

They go on and make some excellent points. They say it much better than I could. They make a fine point and say, "The burden of proof must be shifted to industry to finance independent testing required to show that the chemical that is being used is safe." I guess I said it a little differently last year. I said it all had to be pre-market tested. I haven't changed my mind one jot.

Let me answer the minister because he raised something a while ago. I happen to believe that industry does not want the chemical composition of the materials it is using known. I happen to be convinced that they don't want it known. They use such excuses as it would hurt their competitiveness. The competition would learn the formula; therefore, they would not be in a competitive position. That might be right.

Mr. Mackenzie: Industrial confidentiality was on one—

Mr. Martel: The question is whether people live or die.

Mr. Armstrong: Just on that point so we don't miss it—

Mr. Martel: I know what you're going to tell me.

Mr. Armstrong: You participated in this debate, too, and I remember Mr. Hall of the Liberal Party was very useful on this particular section 21 of the act, which requires a person manufacturing, distributing or supplying new substances for commercial and industrial use to do the very thing you are talking about, to provide the director with the ingredients of such new agents or combination of agents and their common or generic names. Then it gives the

power to the director to order a further assessment if he has doubts about the possible toxicity of that substance.

In fairness, I remember that you and others argued that this didn't go far enough. You wanted existing substances covered. As they say, there you go again. If you are trying to get the full picture before people, I put it to you it is fair to point out that it may not be total protection from your point of view, but there is some protection in the law. I think people are entitled to know that, to get a balanced answer.

10:10 p.m.

Mr. Martel: I am delighted to hear what you are telling me because as of tomorrow I'm sure that every union now can write the Ministry of Labour—and I will send them all copies of your words—to ask for the data sheets on all of the toxic substances and various substances to which they are exposed, indicating the chemical composition and telling them what types of hazards they are running the risk of being exposed to. Now we have that. You quoted that section of the act, and I am delighted because the workers at last are going to be informed. Isn't that right?

Mr. Armstrong: No, just a minute now. You weren't listening to what I said.

Mr. Martel: I was listening very carefully to what you said.

Mr. Armstrong: I was talking about new agents.

Mr. Martel: All right, all the new ones.

Mr. Armstrong: And you can send those remarks to whoever you like about new agents.

Mr. Martel: Before you go on, will they get from you the formulas, the generic names, the information which would let them know that they are working in safety?

Mr. Armstrong: They will get whatever is available in the division.

Mr. Martel: That is the issue—whatever is available.

Mr. Mackenzie: There is still a problem getting it in many cases; you must understand that.

Mr. Armstrong: The requirement of the law is there, and I'm saying that it means what it says and manufacturers are obliged to provide it with respect to new agents. As far as your other observation goes—this is another question entirely—are they entitled to get information with respect to the toxicity of substances? My recollection is, though I cannot put my finger on

it, that it is one of the duties of an employer to advise employees of the dangers of the substance to which they are exposed. This is a duty imposed upon an employer by clause 14(2)(c). I think the public is entitled to know that this is a good act and this is what it says. It is a statutory obligation.

Mr. Martel: Pardon me for laughing. I have all kinds of statutory obligations which are being ignored.

Mr. Armstrong: The act says: "shall acquaint a worker with any hazard in the work place, work handling, storage, use, disposal and transport of any article, device, equipment or a biological, chemical or physical agent." It may well be that obligation is not being lived up to, and if it is not being lived up to we should hear about it. It may well be that employees don't know that they have a right to request those things. If that is the case, they should be told that they have the right to do so, and if they ask for and don't get the information, then we should act to make sure they do get it. You can send those remarks to whoever you like too.

Mr. Martel: I am delighted to hear you say that because I want to tell you every group who talked about these substances told us they could not get the information. They are going across to the United States to try and get it. They are trying to get it from National Institute for Occupational Safety and Health. They are writing to some of their sister unions in other jurisdictions to try to get the composition of the substances, the formulas and what the exposure to some of these things will do. I challenge the deputy minister to write the various groups and tell them that they will get all of this material without any problem.

Mr. Armstrong: Why is it that they don't come to us and tell us these problems?

Mr. Martel: Let me answer that point. In all of these cases that I have presented so far, the unions had been to you. Unless they can leave satisfied that the problems have been resolved, they will reach the point of not even dealing with some of your people.

Where do you think I got this material? Why do you think at least 100 groups came forward? Do you think it is because they think that they are getting satisfaction? They are not asking for the ministry to take a biased position on behalf of them. They are simply asking for a fair interpretation of what is going on in the work place and a fair resolution to the problem. If they are wrong, I will be the first one to say to

you that they are. They know this, and it was quoted in the newspaper. I have told every union that has brought me a problem, "Don't ever mislead me." They came because they were frustrated.

I tried to outline as I went along why they came to us. You can't tell me why Westinghouse went so long before it got resolved. Those regulations came out in 1981. The minister finally has it on track. Sure, you had been dabbling in there and had lots of people in. I don't take credit away from what Mr. Melnychyn attempted to do in there. I'm not belittling his efforts. I guess that's why I ask, what is it going to take to make some people in industry realize we are serious? I know how many meetings he went to and how he tried to get the sides to move to a resolution. I am saying to you, what happens when he doesn't?

All of these are different types of cases, whether dealing with toxic substances or refusing to report accidents. I just illustrate what is going on under the act, and I ask what is the ministry going to do to create the confidence that it is doing a fair job, not biased on other sides. That is what I want.

Mr. Armstrong: Just let me say this. I guess what bothers me is the generality of the criticism. I work with these people day in and day out and I hear X, Y and Z criticized. The names don't mean anything to me until I meet them. I meet them and they don't have horns. They get up in the morning like everybody else. They have families; they have pride in their work. They seem to me to be honest people doing a good job, and I wonder to myself when I hear the characterization—the blanket condemnation—that you give whether I am wrong, whether I do not understand my staff, my people, human nature.

Nobody's claiming total infallibility. We all make mistakes. It's a gigantic job. I do not know of any other area of government, of public administration, that is inherently more difficult because of the magnitude of the task and the sort of self-indicting nature of the technology we are now into.

Yet, I guess what frustrates me—having had seven or eight years of public service and knowing, because I deal with the people, that they are well-motivated, hard-working, honest people who make mistakes like all of us—is to come here, year in and year out and hear a blanket indictment brought against them as being somehow almost corrupt. I cannot accept that.

Mr. Martel: I'm sorry if I've given that interpretation. I want to tell you I have based what I have just presented on the people who came before me who are as equally genuine, as equally concerned about their health and safety because they are in the work place. They are attempting to ensure that their brothers and sisters in the work place do not suffer needlessly whether it be from accident or industrial disease.

Those people who came to us are not the top-line groups in terms of hierarchy in the trade union movement. They are very far away from the president's office and the vice-president's. Those people though come to us working in the field or workplace day in and day out.

I guess the words of Dr. Silikoff probably summarize it best at a conference on Montreal some time ago. He said, "It's a case of life or death. It's in your hands and what are you going to do about it?" That's why I said I would try to stay away from names. I would try to deal—and I have dealt—with material that was presented to us all.

We have had the background of all of these except two. You might say it is one-sided but that is their side. You give me the other side without trying to bamboozle me. I've worked long enough with the minister and you, down in your office out of the glare of this place. I am as sincere as you are in making this act work. I know that you will never have enough staff. It is impossible with the number of places we have in the province.

10:20 p.m.

I'm not interested in prosecution for its own sake, but somewhere along the line we have to say to those people who violate the act with impunity: "You are going to pay the price, because the health and safety of working people is too important."

Hon. Mr. Ramsay: Mr. Martel, I hear what you are saying, but I just cannot accept the fact that you are the only person qualified to make that statement. There are a hell of a lot of people in this room, at 400 University Avenue and all around the province who are also qualified to make that statement.

Let me say something that I may have said to you before. If so, I am repeating myself, and I do not apologize for doing that. Before I came into politics, I had the same distorted, convoluted view of the civil service that most people in the private sector had, that they were malcontents who did little work and had little dedication and quit work at noon hour each day.

I was never so wrong in all my life, and I've been wrong on several occasions. That was the one on which I really came a cropper because until I got into politics—and particularly into a ministry like the Ministry of Labour—I never met as many dedicated, competent people in all my life.

I used to think I had good employees in the years I worked in the private sector, and I know I did. However, I didn't have as many employees, on a ratio basis, that were so interested in doing a good job. I simply couldn't believe it. In not saying this for the first time; I've said it many times. I don't care if you took a 10-year-old child and put him in as minister; it would not make the least bit of difference because of the quality of the people that we have at every level of the ministry at 400 University Avenue.

Before I came here this evening, I went to a reception which was followed by a dinner, which I couldn't attend because I had to come back here, for Mr. Tom Cummings who has worked for the Ministry of Labour in occupational health and safety for 30 years now. Today was his last day on the job. You should have seen the turnout. People had come from all over the province, from all the field offices and everywhere else. They were all loud in their praise of the work Mr. Cummings had done. I heard so many comments from so many of those people tonight in the hour that I was there this evening about the concern they had for their job. For them it is really good to see someone from head office because sometimes they feel they are out there on their own hearing only what is said and reported in the Legislature.

I just cannot stress enough the confidence and the gratitude I have for the people in this ministry. I get upset when I hear blanket indictments of the ministry.

Mr. Martel: Could I respond? I have been here for 15 years. I don't think there is a subject that has occupied more of my time than health and safety.

Hon. Mr. Ramsay: I don't deny that.

Mr. Martel: The first time I came into the legislature—I have received lectures from other ministers and have been told I have been irresponsible. I could document, and have on file, letters that shouldn't have come to me, involving major corporations, and I have charged collusion. Let me just give you one short example.

I remember a number of years ago that we had an incident that happened at Inco. It was called black Thursday, and the whole crew was

sent home. I raised it in conjunction with Paul Falkowski. The Ministry of Labour wasn't then responsible. We suggested, in our letter to Allan Lawrence that there was collusion. He told us that we were silly, that we did not know what we were talking about, that we were crazy, and he would not even respond. Then we asked the new minister who was appointed. Interestingly enough, my friend Falkowski had managed to get two letters, one written by Inco and one written by the Minister of Natural Resources.

The second letter was just a reprint of the Inco letter with these words taken out: "the company," "International Nickel," "us." Words were taken out that referred to the company as the party speaking; every one was changed. The company letter was sent to us by the minister, Allan Lawrence, as though it were his ministry responding. Don't tell me about being cynical.

Hon. Mr. Ramsay: What point are you trying to make?

Mr. Martel: If I might point out to the minister, the whole letter was changed. The Inco letter was written as though it were the government's letter to us on health and safety.

Hon. Mr. Ramsay: Wait a minute. With respect, Mr. Martel, my remarks were not doubting your sincerity, nor your competence, nor the dedication you have put into occupational health and safety over 15 years. I have paid tribute to you in the House and also privately on many occasions when you have not been in attendance. What I was attempting to do was to defend very enthusiastically the dedication of the people in the Ministry of Labour.

When you make these blanket indictments, you destroy morale which we have to try to build up continually. We do not pay the greatest salaries in the world in the Ontario civil service at that level. When a lot of those people out there hear in the media that they are doing a bad job, they get distressed just like anyone else. That's what I take objection to. Your response there indicated that I was doubting your sincerity. That's not the case at all. I just happen to feel we have got some damned good people doing some damned good work.

Mr. Martel: That's why I said I would stay away from names, and I tried very hard because those people—all of your inspectors—are in a union too. They happen to belong to the Ontario Public Service Employees Union. I walk a delicate line so that I am not tackling people head on too. However, as I tried to point

out to the minister, I've just tried to use cases this year where we back it all up, to try to show what we would like to do with the act to make it work the way it should.

Hon. Mr. Ramsay: One final note. There are some who aren't perfect. I'm sure as hell not perfect, and neither are you. There are going to be slip-ups, and when they happen, there are steps taken to rectify them as quickly as possible.

Mr. Chairman: I understand there is a vote coming up. Since it is nearly 10:30 p.m., we shall adjourn until 8 p.m. Monday, subject to approval

of the House. I don't think it has been through the House yet.

Mr. Martel: Yes, it has.

If the statement hasn't already been made, it will be made at 10:30 p.m.

Mr. Chairman: That's what I said, subject to approval of the House.

Mr. Martel: It requires approval by the House leaders.

Mr. Chairman: Are you questioning my clerk, that dedicated civil servant?

The committee adjourned at 10:28 p.m.

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Ontario

No. R-50

Legislature of Ontario Debates

Official Report (Hansard)

Standing Committee on Resources Development

Estimates, Ministry of Labour



Second Session, Thirty-Second Parliament

Monday, January 31, 1983

Speaker: Honourable John M. Turner

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

STANDING COMMITTEE ON RESOURCES DEVELOPMENT

Monday, January 31, 1983

The committee met at 8:09 p.m. in room 228.

ESTIMATES, MINISTRY OF LABOUR
(concluded)

On vote 2304, occupational health and safety program:

The Vice-Chairman: I call the meeting to order. I take it, Mr. Martel, you completed your remarks last Thursday.

Mr. Martel: As much as I had time to.

The Vice-Chairman: The minister wishes to respond, and then I believe we move to Mr. Sweeney and Mr. Sweeney.

Hon. Mr. Ramsay: Ladies and gentlemen, last Wednesday morning Mr. Martel began an extensive review and criticism of the work of the ministry's occupational health and safety division. The impression he attempted to convey was that the occupational health and safety division had failed to live up to its responsibilities. Nothing could be further from the truth. He abused his opening remarks on reasons why he disagrees with the fundamental premise of shared responsibility of employers and workers which underlines the Occupational Health and Safety Act and the ministry's approach to the administration of the act.

From time to time he referred to the information he and other members of the third party collected during the NDP meetings on occupational health and safety. I do not doubt the sincerity of the persons presenting the briefs. I could note, however, that there was no opportunity for any other interested party to ask questions which could clarify some of the allegations made to the task force. In other words, unlike a commission of inquiry which permits impartial examination of allegations, the meeting heard only one side of the story, albeit an important side.

In some instances, only this one side was reported in the media, and a number of the allegations were subsequently found to be incorrect. In the De Havilland Aircraft of Canada Ltd. case, reported in the Toronto Star on October 7, 1982, several contentions were made. Let me take a moment to share the allegations

and indicate where they are at variance with our understanding of the facts.

1. That a worker was killed in a fall from a scaffold in the parts shop after the company ignored repeated orders from ministry inspectors.

No accident of this nature has occurred at De Havilland. The president of UAW Local 112 confirmed that the last fatality in the plant occurred in 1958 when a worker was accidentally electrocuted.

2. That adequate fall protection equipment is not available in the plant.

Ministry inspectors are satisfied that proper guarding and harnesses are available for use in elevated work sites. On some occasions, however, workers have been observed failing to take advantage—

Mr. Martel: Mr. Chairman, I don't want to interrupt the minister, but I have some difficulty because I cannot recall having raised De Havilland.

Hon. Mr. Ramsay: I believe that the honourable member—

Mr. Martel: We had representation at the task force, but we never raised De Havilland.

Hon. Mr. Ramsay: I believe the points that the honourable member was trying to make at the committee hearings last week dealt with the various points that were brought up at the task force. We are merely trying to respond and indicate that we have found that some of the things that were brought to our attention have certainly not been the case.

Mr. Martel: I had told you the cases I would use last week were cases we were able to document with the exception of the two which I named. We never raised De Havilland at any time.

Hon. Mr. Ramsay: Perhaps you did not raise De Havilland, Mr. Martel, but the media certainly did.

Mr. Martel: Well, we certainly did not.

Hon. Mr. Ramsay: To repeat number two: That adequate fall protection equipment is not available in the plant.

Ministry inspectors are satisfied that proper guarding and harnesses are available for use in

elevated work sites. On some occasions, however, workers have been observed failing to take advantage of available protective devices.

3. That the ministry has found it necessary to reissue a great number of orders because initial directions have been ignored by the company.

At the trade union's request, 88 orders issued from April of 1981 to February of 1982 were examined to determine what number represented repeated orders. Only three of the 88 orders were repeat orders. Many of the orders were issued for similar infractions at different locations in the plant.

4. That one De Havilland worker lost an eye when a high-speed drill flew apart and penetrated his safety glasses.

That incident occurred in July 1980. The injured worker was not wearing his safety glasses at the time of the accident.

5. That the ministry has declared that a worker has no right to refuse to work for the reason that a mechanically sound lifting crane is overloaded.

Neither the worker health and safety representative nor the employer's safety co-ordinator was aware of any problems with overloading of lifting cranes.

Mr. Martel charged the joint responsibility system does not work because management has the ultimate veto over worker and joint health and safety committee recommendations. This is a misleading, indeed a distorted view of the law, as it operates in the work place. As the member knows, the act provides a series of checks and balances on any arbitrary and unjust action of management and labour and ministry officials themselves.

To imply that employers are the final arbiters in all matters of occupational health and safety is not correct. The inspectorate, the courts and the Ontario Labour Relations Board provide three impartial means to ensure that all parties are dealt with in an equitable manner and that employers do not have the final word.

In any dispute between the parties, the ministry has a key role to play as mediator and as arbiter. To suggest that necessary controls such as ventilation can be set aside by the employer at a whim or for economic reasons is simply not true. The ministry inspectorate investigates many complaints by workers in committees.

When appropriate, orders are written, and our figures demonstrate that the employer complies within the required time period in almost all cases. Similarly, where a joint health and safety committee is improperly constituted, the

ministry inspectorate takes prompt action to fight the wrong—as at Irwin Toy, for example if necessary with the assistance of the industrial relations adviser.

Mr. Martel alleges that the practices of the inspectorate undermine the effectiveness of worker representatives on joint health and safety committees. As the member knows, the inspectorate visits plants without notice and it is not always possible for the same worker representative to be present.

The ministry encourages joint committees to nominate alternate representatives for purposes of consulting with the ministry. In addition, the inspectors do review the minutes of joint health and safety committee meetings and thereby become aware of matters of concern.

Mr. Martel suggested that the Steelworkers of Sudbury have seen health and safety concerns raised as many as seven or eight times at committee meetings without resolution. While broad allegations were made in the Steelworkers' brief to the New Democratic Party to the effect that "only lip service is paid to the health and safety committees and their functions," the inspectors were unable to uncover any such blatant disregard of health and safety committee concerns.

As a matter of practice, the Steelworkers send their committee minutes to the respective area offices. The inspectors attach great importance to committee concerns and they will inspect and expedite corrective action.

I would like to draw the members' attention to any initiative undertaken by the mining health and safety branch which will assist joint committee members. The branch has embarked on a program of introducing 30 audio-visual modules to provide a uniform understanding of the regulation for mines and mining plants. This is a venture financed by the ministry and the Mines Accident Prevention Association and with a steering committee that includes union representatives to direct and guide the contractor in his work.

Referring to Algoma Steel, the member for Sudbury East (Mr. Martel) noted that the health and safety program works now but that it took four fatalities and top management to reverse a bad situation. I would like to remind Mr. Martel that this ministry played a vital role in bringing union and management together in what was a highly volatile atmosphere in September 1980. The division's industrial relations adviser worked with the parties to help develop, jointly, the means of identifying and resolving immediate

health and safety concerns and to develop strategies for an effective ongoing program.

At the outset, Mr. Basken met separately with union and management and, yes, top management was involved to emphasize the total commitment of company management to health and safety at Algoma Steel. It was clear at that time that there were adversarial relationships and a lack of trust between the parties which would need to be addressed if co-operation in matters of health and safety was to be achieved.

Joint teams of workers and supervisors were assigned the responsibility of initiating and developing strategies to reach particular health and safety objectives within an established time frame. At the end of the three-day program, it was evident that the first steps towards co-operation had been achieved. The participants agreed that positive results were obtained and a new perspective had been reached in addressing and jointly resolving problems.

8:0 p.m.

A joint task force was formed of two officials each from the union, management and the ministry, with Mr. Basken as chairman. This task force held a series of meetings between mid-September 1980 and January 1981. It had two immediate objectives: the identification and resolution of existing health and safety concerns and the improvement of attitudes and communications to allow development of a joint and co-operative relationship.

A three-day relationship by objective program was conducted in November with 25 senior executives, officers and supervisors of Algoma Steel and 25 union executives and health and safety committee members in attendance.

I believe that the active intervention of the ministry was critical and catalytic in reversing the adversarial and non-co-operative attitude at Algoma Steel and turning it into the atmosphere of enthusiastic co-operation in all matters of health and safety that is now apparent. I am encouraged also by the frequent positive and unsolicited remarks that have been made to me and my officials by employees about the improved health and safety programs that have been put in place.

The member for Sudbury East made an allegation that ministry officials, in carrying out their duties, demonstrate bias in favour of management. He said that the overwhelming majority of staff have been recruited from management. This matter was raised with me last fall by Mr. Dave Patterson of the United

Steelworkers of America in connection with recent hirings in the mining health and safety branch.

On October 21, 1982 I replied to three questions on the Order Paper and provided the honourable member with a list of inspectors and directors of health and safety branches in construction, industry and health. The list included the date of hiring, the name of the immediately prior employer and position title.

The personnel files do not contain information as to whether staff were previously employed in management positions or as members of a bargaining unit. Where it was reasonable to conclude from an employee's previous job title that he or she was in a management or bargaining unit position, this was indicated. The personnel branch provided an estimate that out of the total inspectorate staff of the line branches, 155 would have been drawn from bargaining units, while 171 were from management at the time of hiring.

In many instances, individual inspectors have experience of working in a bargaining unit before becoming managers. Indeed, some have more years of experience in the former rank than in the latter. I think it is relevant to mention also that until the division was established, and perhaps for a limited period thereafter, the inspectors were recruited for their practical working experience in industrial establishments, in mines and mining plants and on construction projects.

Only in the recent past have recruitment criteria for inspectors in the various sectors been revised. This has coincided with the introduction of the new act's philosophy, which changed the role of the inspector and placed less emphasis on the role of the ministry inspector as a specialist technical adviser.

All inspectors new to the ministry participate in a thorough training program. In the case of the industrial health and safety branch, the training course extends over a six-week period and is designed to ensure that the inspectors become familiar with the act and regulations and the policies and procedures of the division for carrying out the obligations of an inspector. A further period of six weeks is spent on field assignments carried out under the supervision of an experienced inspector.

Evaluation and training of staff is ongoing, and managers may recommend that further training be given to individuals. Training of groups of inspectors by means of seminars is arranged, for example, to discuss ways of han-

ding human relations problems, improved program delivery, new legislation, etc. This past fall seminars were held across the province concerning designated substance regulations and the application of particular sections of the act. At all times emphasis is placed upon objectivity on the part of an inspector in meeting with workers and with company management.

I do believe that staff are honest and earnest in the pursuit of their duties in a fair and objective manner. The inspectors are, of course, backed up by physicians and by specialists in human relations, industrial hygiene and engineering, and they are encouraged to seek advice when a need arises.

I believe we had a rather spirited exchange on the last evening of the estimates about the calibre of our workers and their competency and dedication. I don't want to get into that again other than to say that I stand behind each and every remark that I made the other evening.

Mr. Martel alleged that the joint responsibility system is undermined by the inspectorate's approach to the parties at the work place and that inspectors are perceived to be colluding with management. Once again, I believe that this view is divorced from reality. Indeed, if you were to hear the comments made to me by employers, you might think that the ministry was merely a mouthpiece for labour.

Can the member honestly continue to believe this allegation when the evidence is that 99 per cent of all orders in the industrial health and safety branch are written against employers; that 98.4 per cent of all fines for convictions in industrial establishments are against employers; that it is a policy of the industrial health and safety branch to visit plants unannounced?

As a matter of policy and practice, the ministry deals with both parties in an open and fair manner and by joint consultation with management and labour representatives. However, the ministry takes a practical "real world" approach to solving health and safety problems which may result in separate meetings with either party. For instance, the practicality of a situation dictates that an inspector must contact an employer's representative when he arrives at a plant unannounced.

Sometimes the inspector concludes that a private meeting with the employer or the union is necessary in order to resolve a contentious matter. This is an accepted practice in the field of labour relations and one that applies equally to matters of occupational health and safety, as

was well demonstrated by the illustration Algoma Steel some two years ago.

Thus, there are valid circumstances in which the ministry may meet privately with one or other of the parties. This is not collusion with either party, but rather effective human relations management.

The honourable member has made allegations to the effect that inspectors do not document all concerns expressed by worker representatives during inspections. There are times when concerns are given to an inspector that are only remotely related to health and safety matters, but these are recorded, nevertheless, and addressed during the inspection. Last year some 48,859 visits were made by inspectors from the industrial health and safety branch and it is quite possible that during that time an inspector has not recorded a concern that, in the opinion of the inspector, was totally unrelated towards health and safety.

The honourable member alleged that the ministry perpetrates an uneven application of the act with respect to workers and companies. An example cited was the case at Crane Canada, when charges were laid against a number of workers for failing to wear respirators. Charges were laid against the company in August 1980 for failure to comply with successive orders to improve ventilation in the grinding room where silica dust presented a hazard to health.

Company response had been half-hearted and tardy since 1979. During inspection visits on December 2, 1980, and March 12, 1981, workers were observed either not to be wearing respirators or not to be wearing them properly. The branch recommended prosecution of the superintendent under clause 16(1)(b) of the act, and of the workers under clause 17(1)(b).

The case came to trial in March 1982. The company was found guilty of the charge of failing to ensure that workers wore respirators pending installation of adequate ventilation and was fined \$300. The charge relating to provision of ventilation was withdrawn when it was disclosed the company had completed installation of the new ventilation system in December 1981.

Mr. Martel: The charges were laid after the workers took their masks off in front of your inspectors. For almost two years they couldn't get anybody to move, so they took their masks off and your inspector charged them and then charged the company as well, for God's sake.

Hon. Mr. Ramsay: All charges against the employees were dismissed by the justice of the

peace on October 2, 1982. In this case it was appropriate to lay charges against all parties, but the outcome refutes the allegation that the act is more stringently applied against workers than against companies.

Two concerns were raised relating to the reissue of orders to B. F. Goodrich in respect of the labelling of pipes and of guarding machinery.

The first matter was dealt with in a letter to the leader of the third party after it was raised in the House. The colour coding of pipes in the plant has been the subject of repeated orders over a period of five years. The ministry recognizes that this is a long period of time, but progress has been continuous. On December 1, 1982, both the president of the union local and the worker health and safety representative indicated their satisfaction with the company's progress in correcting the situation. The completion date for this program is set for next month.

8:30 p.m.

Ministry staff have reviewed the file concerning reissue orders for guarding. There were three instances over five years when an order for guarding a machine had to be reissued. Each problem has been corrected and compliance obtained after the order was reissued.

The industrial health and safety branch is now placing increased emphasis on stop-work orders. Over the six-month period from April to October 1982, stop-work or time-limit orders have increased 47 per cent over fiscal year 1981-82.

Mr. Martel raised several issues concerning Westinghouse. The first issue was why the ministry did not check the ambient air concentrations of lead when a paint containing a higher concentration of lead was in use.

As was stated in the November 26 report, "It is clear that lead-containing paint is used in department 951, that the lead content of the paint varies at least according to colour and that exposure to lead is an intermittent, rather than a continuous, hazard. . . The formulae of the paint used vary according to the specification contained in the contract for the item being painted."

It is ministry practice not to give advance notice of visits by inspectors and for tests to be carried out under typical operating conditions. In September, in fulfilment of a commitment to the union, the ministry conducted tests in department 951 on a day when a grey paint happened to be in use. It was found subsequently that this paint had a comparatively low lead content. Further testing was conducted on

October 18 when gold paint with a higher lead content was in use. The results showed that some lead concentration in the air during the spray-painting operation were above the standard.

I would like to emphasize, however, that orders were issued in September, based on company results from sampling done August 20 when gold paint was in use, when the data were made available to the ministry.

Another issue raised was that the report of November 16 stated that the company had gone beyond the requirements. The member asked if this still held true. The November report stated: "It appears that the company has responded to the orders issued under the regulation respecting lead and has gone beyond the requirement for consultation with the committee to try to reach agreement on the provisions of the control program."

This statement was based on the information provided earlier in the report with respect to the company seeking agreement with the health and safety committee, rather than making the required consultation. However, the ministry realized in subsequent meetings with the parties that there were difficulties in the consultation process and that our intervention was required to a greater extent to assist both the assessment and control program evaluation.

I am encouraged by the progress made already, which I expect will assist in improving the operation of the joint responsibility system at Westinghouse. I would like to say that the assessment report from the transformer division was completed to the satisfaction of the joint committee before the deadline of February 1, 1983. I understand that progress on assessment reports is being made in the other divisions and I look forward to further encouraging news about a positive co-operative resolution of this matter.

The member for Sudbury East repeatedly referred to the large number of orders issued by the ministry inspectorate as an indication of the failure of the internal responsibility system. Far from being an indication of failure of the system, I see this as a positive indication that both the act and the internal responsibility system are working.

There are a number of reasons for the large number of orders issued: a greater awareness of occupational health and safety issues in Ontario since the passage of the act; a work force increasingly better educated and thus more aware of occupational health and safety issues and legal requirements; an increase in the ministry inspectorate to meet the demands of

broader coverage brought about when the act was passed; and new legislation such as the designated-substance regulations.

All of these factors have had an impact on the number of orders issued by the ministry. As I indicated earlier, where concerns are raised and orders are issued, in the majority of cases, they are complied with fairly rapidly.

The member might not be aware that the ministry has noted, through its review of joint health and safety committees, that it is apparent workers and employers are identifying a number of hazards in work places and are rectifying these hazards without ministry involvement. The speed with which employers on the whole are complying with matters brought to their attention is an indication of the willingness on the part of both employers and workers to make this system work.

The method by which compliance with ministry orders is notified has come under review by my officials. The member cited the example quoted to the NDP task force by Mr. Rowbottom, a worker health and safety representative at American Can Canada Inc.

In this case, the company notified compliance with a ministry order by advising that Carb-o-sil, a silica containing dusting powder, had been replaced, but it was then reintroduced a few months later. It was suggested that if workers were provided with copies of compliance letters, the health and safety committees could monitor compliance and advise the ministry of deficiencies. I appreciate this suggestion and am pleased to inform members that the industrial health and safety branch is in the final stages of implementing this operational improvement.

I would like to add that the ministry appreciated the additional comments made by Mr. Rowbottom to your task force. As a worker's health and safety committee member at American Can, he said that he found the inspectors generally honest and straightforward in the application of the act with no bias towards either management or union.

The honourable member alleged that non-unionized workers are at the mercy of their employers and fear for their jobs. The member has cited the study by Doern, entitled *Living with Contradictions*. This report noted that the internal responsibility system works most effectively in unionized work places, to their credit, but does not state that it is not working in the non-unionized work places. In fact, the division has countless examples of where it is working

successfully in non-unionized establishments. I would be happy to provide the member with examples if he so wishes.

However, we do recognize that there are problems in some non-unionized establishments. This issue is of concern to both the ministry and to the Advisory Council on Occupational Health and Occupational Safety. The advisory council is examining the problems of non-unionized shops in its review of the implementation of the act. The member raised seven questions concerning non-unionized establishments.

Mr. Martel: If I am wrong, why are you looking at it then?

Hon. Mr. Ramsay: As Mr. Armstrong stated last Thursday night, these questions will be drawn to the attention of the advisory council with a request that they address them in their review of the implementation of the act.

In the day-to-day inspection of work places, the division does not differentiate between unionized and non-unionized shops, but rather focuses attention on those work places with health and safety problems. As suggested by both Mr. Wrye and Mr. Martel, our whole inspection program is directed towards identifying and correcting poor practices. In fact, the cyclical inspection program is based on criteria which identify the companies which have the most serious problems.

The honourable member referred to the case of Irwin Toy Ltd. when speaking of the difficulties that workers in unorganized work places might experience when management appoints the worker health and safety representative. As you recall, as soon as the ministry became aware of the situation, orders were issued on May 13, 1982, directing that the committee be reconstituted with representatives selected by the workers and that the names of the committee members be posted in the work place in accordance with the act. On May 31, the inspector went to the work place and ascertained that the orders relating to the committee had been complied with.

I would like to assure my friend that the officials of my ministry will take such action as may be necessary to ensure that the requirements of the act are met, regardless of whether they be in organized or unorganized work places.

With respect to toxic substances, the member for Sudbury East conjured up the vision that only three carcinogenic chemical substances are regulated. This is false and misleading. In my opening and supplementary remarks, I

explained the ministry's comprehensive approach to the regulation and control of substances.

8:40 p.m.

I want to reiterate that provisions in existing regulations for construction sites, mines and mining plants and industrial establishments have been and will continue to be administered vigorously to reduce worker exposure to chemicals. The designated substance regulations, along with the provisions of sections 20, 21 and 28 of the act, provide other avenues to obtain information and control workers' exposure to chemical substances.

Mention was made of the number of orders issued and the number of prosecutions under section 145 of the regulations respecting industrial establishments. During 1981-82, 2,366 orders were issued and 1,383 orders were issued for the period April 1, 1982 to January 21 of this year. There were three prosecutions during 1982 pursuant to such orders, convictions were recorded and fines were levied.

Mr. Martel has made reference to the lack of relevant information available to workers concerning the risks of chemicals to which they are exposed in the work place. The act requires employers to advise workers of the hazards to which they are exposed. Since 1978 the ministry inspectorate has advised employers to compile an inventory of toxic substances in the work place and to institute appropriate controls.

The division recognizes that the health and safety committee has an important role to play in identifying potential or existing hazards to the health of workers and that, in order to do this, it needs the most complete information available. The primary chemical manufacturers generally provide data sheets which explain the potential health effects and the appropriate precautions and control procedures.

Further, the ministry has developed its own data sheets for some substances in general use. The ministry inspectorate has been instructed to assist both committees and employers to ensure that the necessary information is provided.

The problem concerning chemical safety data sheets at Bay City International Ltd., formerly International Harvester Truck Centre, was raised at the NDP task force hearing in Hamilton. On an inspection carried out by the division on November 18, 1982, to investigate this concern, the worker health and safety representative on the joint health and safety committee was asked about safety data sheets. He produced data sheets which he had received from the company on Dupont and CIL chemi-

cals used in the plant and stated that he receives data sheets on an ongoing basis.

As the member is aware, I have already provided him with the relevant correspondence concerning the release to workers of a ministry report on the decomposition products of polyester insulation panels used in the insulation department of Ferranti-Packard Transformers Ltd. Failure to release the report was based upon a good faith judgement by the hygienist which, when reviewed, was considered unduly cautious. When the union local president wrote to us in October 1980 requesting the information, it was supplied on December 12.

Mr. Martel alleged that front-line management—

Mr. Martel: Why do you keep shying away from the facts? On December 16 the union wrote to you and said they did not have a letter. They never got a response and they never got a copy of the report. I gave you the letter they sent to you on December 16 and you chose to ignore that. Just willy-nilly, in case after case, you are doing that. I do not know who prepared your answer, but I wish we had time to go into them because in case after case you are just sloughing off issue after issue, whether it is Ferranti-Packard or B. F. Goodrich.

You make odious comparisons about three orders. You are the one who said there were charges laid when orders had to be reissued, except for ventilation. Then you say you had to repeat it three times in B. F. Goodrich. Were charges laid? No, you just go on willy-nilly as though those things did not happen. You put one half forward. I was honest. I put everything I had forward. Do you know what? You people are not. I gave you the union letter. You did not even respond to it, it is not even in there, and it was four days after the supposed letter to the union went out. You choose to ignore it totally, don't you? That is why nobody believes it; that is the trouble.

Hon. Mr. Ramsay: Mr. Martel, the other evening, I listened intently, with very few exceptions, to everything you had to say and I made careful notes. I intend to follow up even further on some of the things you had to say once I get copies of Hansard and so on. I believe you had an extensive period of time to describe what you saw as the deficiencies in the occupational health and safety division. I feel I am entitled to a reasonable amount of time to respond to this.

Mr. Martel: I have no objection to that, but in the answer prepared for you, you deliberately

left out something regarding Ferranti-Packard Transformers Ltd. I gave you a letter from the union dated four days after your report went out, in which they said to you that they had not received a report. Somebody just chooses to ignore it tonight. I handed you the letter. It is as though it was not even presented to you.

Hon. Mr. Ramsay: Excuse me, Mr. Martel—

Mr. Martel: That was four days after.

Hon. Mr. Ramsay: You are talking about a letter which you gave to me this—

Mr. Martel: Thursday night. It was from Ferranti-Packard. Your letter went out on December 12 after the union wrote to you and said they wanted it. It was nine months after, but they wrote. You take the position that a copy of the report was sent to the union. That letter went out on December 12. On December 16 the union wrote and said they had received no report on this substance. I gave you that letter. But tonight it was conveniently slid over as though I were trying to mislead this committee.

I documented everything. The first case you started with, I had not even raised. Maybe somebody else is trying to portray a distorted picture because I never even raised De Havilland Aircraft of Canada Ltd. On this one, you chose to ignore the letter I gave you the other night as though it did not transpire, as if the union had not written you four days after your report went out asking for a copy. That was never followed up with the union. I do not mind sitting here listening, but it is obvious that some things are being deliberately slid over.

Hon. Mr. Ramsay: I want to assure you, from my point of view and my perspective, that absolutely nothing has been slid over. There is no intention on my part whatsoever to distort the facts. I resent the inference that there is.

With respect to Ferranti-Packard, you will recall that as soon as it was brought to my attention that the report had not been received, I immediately sent out another copy.

Mr. Martel: I give the minister full credit for that. The point I am making is that there is issue after issue here, very important stuff which was all documented. I did not raise one case that I did not document. I did not ask a question in the House that was not documented. All I am saying about Ferranti-Packard is that you just read in good faith what somebody wrote. Whoever wrote your report forgot to put in that four days after the report was sent out—I gave you that letter last Thursday night—the union wrote and said they had not received it. No one followed

up. That is why the union said they had never heard from the ministry.

Hon. Mr. Ramsay: I am more than just reading something that someone or a group of people have prepared for me. I think you are aware that since I have been in the ministry, I have become actively involved in each and every one of the concerns that you have raised with me. I am very conversant with the information which we are trying to give to you this evening. It is not simply a case of somebody preparing something for me to read out. We can hire any number of people who can do that much more articulately than I.

Mr. Martel: Just ask your staff then if I did not hand you a letter sent out four days after the original report was apparently sent to the union. Why did someone not tell you that?

Hon. Mr. Ramsay: Perhaps you can let me finish my remarks and then we can discuss the matter of Ferranti-Packard.

Mr. Martel alleged that front-line management do not know the Occupational Health and Safety Act. In the two particular instances he cited, this may very well be true. If this is so, however, I believe this will be the exception rather than the rule. I will take a few minutes to explain the ministry's program to ensure communication and education.

First, there are the legislated requirements, such as to post in the work place a copy of the act and to appoint a competent person when appointing a supervisor. The act has been widely publicized in the media and large numbers of copies of the act, regulations and guides have been distributed. The act and regulations relating to industrial establishments and to mines and mining plants, as well as the guide to the Occupational Health and Safety Act, are available in French. A poster explaining the act is available in French, Italian, Portuguese, Chinese, Spanish and Greek.

Second, my staff is available to conduct seminars on the act, aimed primarily at front-line supervisors, with particular emphasis on their duties and responsibilities. In the fiscal year 1981-82, staff of the industrial health and safety branch conducted 348 management safety consultations, numerous speaking engagements and seminars. In the same year, they conducted 172 trade union involvement programs. The work of Mr. Basken and his staff centres around the training of joint health and safety committee

members, including the responsibilities and duties of the parties under the legislation.

50 p.m.

When our inspectors are involved in a field inspection, front-line supervisors are contacted, informed of contraventions and advised of their responsibilities. This in itself is a method of education in which we reach thousands of front-line supervisors.

Mr. Martel referred to the role of the accident prevention associations and, in particular, he criticized their television commercials. He mentioned on two occasions that the Industrial Accident Prevention Association had a budget of \$25 million. This latter statement is incorrect. That amount covers the budget of all nine accident prevention associations which are established under provisions of the Workers' Compensation Act.

During the past two years or so, the role of the associations has been under scrutiny, first by my advisory council and then by Professor Weiler. One of the key disputes before Professor Weiler is the role of the labour movement in these associations and I look forward to his informed views later this year. In the meantime I would note that some changes have been made by the associations.

Mr. Martel criticized the ministry for the number of repeat orders, which he submitted was another sign of the failure of the internal responsibility system and defective administration of the act. My friend and I have discussed the question of repeat orders on many previous occasions and we are not in total agreement on the issue.

The industrial health and safety branch has reviewed its policy on repeat orders. Stop-work orders are issued if a hazard of immediate danger is identified. Most other orders are to be completed forthwith. Time limits are incorporated when, for example, engineering work is required to improve ventilation.

The member for Sudbury East mentioned three companies in the context of repeat orders: Dresser Industries Canada Ltd., B. F. Goodrich, and Firestone Canada Inc.

In the past three years, from January 1980 to December 1982, 19 inspection visits to Dresser Industries were made, resulting in 144 orders being issued. Among the 144 orders, eight were reissued once and one was reissued twice. As evidenced by the small number of reissued orders, Dresser Industries has complied with virtually all of the orders, with the exception of

the few withdrawn due to the halt in oil-rig production and welding operations.

In November 1982 the leader of the third party raised a number of questions regarding repeat orders and prosecutions, particularly bringing to my attention the number of repeat orders at B. F. Goodrich. A review of ministry files shows that over the past five-year period, the ministry issued 164 orders to B. F. Goodrich, 29 of which were repeats. The company complied with all orders. In most instances, orders were reissued only while the company was demonstrating progressive compliance.

The ministry considers prosecutions appropriate where there is evidence of wilful and negligent disregard for health and safety, where clear contraventions of the act or regulations result in serious injury or death and there are no mitigating circumstances, or where orders or recommendations of the ministry are persistently ignored and corrective action is not under way. This was not the case at B. F. Goodrich.

Regarding Firestone Canada Inc., it is difficult for me to comment on the circumstances concerning the fatality on February 27, 1981. A prosecution ensued and the matter is still under appeal by the ministry. Subsequent to the fatality, other orders have been issued in this plant concerning lockouts, including a stop-work order in July 1982. The ministry will continue to monitor the situation vigorously.

The present industrial health and safety branch policy concerning machine guarding and lockout is such that where proper lockout procedures are not in place, or dangerous machine parts are unguarded, stop-work orders are to be issued. Mr. Martel referred to ITT Canada Ltd. as an example of a company subject to numerous machine-guarding orders, where it took an injury to a worker before the ministry would prosecute.

I am pleased he raised this case, because it illustrates the complex realities of the work place. It is quite untrue that the ministry prosecutes only after a worker is injured. I would inform the honourable member that in August 1977 this company was brought before the courts and convicted of a machine-guarding infraction. No workers had been injured.

In the prosecution before the courts in August 1982 relating to an accident which occurred in January 1982, the presiding judge dismissed the charge against ITT as the employer, because the injured worker had failed to follow his employer's instructions.

The ministry has issued several stop-work

orders against unguarded machines at ITT. In January 1982 the ministry tagged a machine which was not in use but was in violation of the guarding requirements. As I have said before, a stop-work order may be a more effective measure than prosecution. Such orders deal with the problem machine and protect the workers at the same time.

The member for Sudbury East is convinced that the system of joint responsibility will not work without ministry prosecutions against employers. I would emphasize that the ministry recognizes and supports the principle that prosecutions have a deterrent effect, not only on the parties before the courts, but also on the wider community.

As Mr. Martel knows, the ministry initiated 234 prosecutions in 1980-81 and 408 in 1981-82. Many of the trials and results received wide media attention, thereby serving to put employers on notice.

I would remind my friend most sincerely that he and I share a common goal: the health and safety of workers. Prosecution is but one mechanism available. Many times, it is the best course to follow. However, there are other situations where it causes harm to the co-operative relationship between management and labour and would be counterproductive to the long-term wellbeing of workers.

The honourable member made reference to the ministry's decision not to prosecute the city of Windsor for contraventions of the Ontario guidelines for the removal of asbestos at MacKenzie Hall and for reprisals against workers who have exercised the right to refuse work. Mr. Martel alleged that, on a number of occasions, workers were required to perform duties without proper protective equipment, that proper protective barriers were not constructed, and that the area was not properly wetted.

To reiterate from past reports and correspondence, the foreman was the only worker involved in the asbestos removal operation in the basement of the building, and he wore proper protective clothing from the commencement of the operation. The five workers on the other two floors were involved in renovations rather than asbestos removal.

When directed by the ministry, a single-sheet protective barrier which separated the two areas was changed to a double sheet to fully comply with the Ontario guidelines for the removal of asbestos. The basement was naturally damp, which deterred asbestos fibres from

becoming airborne. However, the city fully wetted the area when instructed to do so.

Air and bulk samples taken from the first and second floors where the workers were removing showed that occupational exposure to asbestos was unlikely. However, further protective equipment was provided from November 3, the date of the first work refusal.

Mr. Martel's reference to the work refusal of November 5 has been fully explained to him in past reports and correspondence. As he recalled, it could not be determined if the incident was, in fact, a work refusal under section 23 and the return to work the same day was without loss of pay. I remain convinced that in respect of MacKenzie Hall, my ministry has investigated all work refusals, alleged intimidations and concerns regarding proper protective measures under the Ontario guidelines and that appropriate action has been taken in all matters.

Mr. Martel raised the point of the Canadian Union of Public Employees against the board of education for the city of Windsor as another example of the failure of the ministry to prosecute employers. He asked why the ministry did not lay charges against the employer.

Let me assure my friend that during November and December 1980 the ministry did review the actions of the employer and worker in this matter. The ministry concluded that there were insufficient grounds for prosecution. This view was confirmed by the decision of the presiding judge when he dismissed the charges against the employer because one of the major elements of proof necessary for conviction was not established by the prosecution through its witness.

In addition, the ministry considered whether an appeal of the judge's decision was warranted. As I informed the honourable member by letter, the ministry found that there were insufficient grounds to proceed. Thus, far from being disinterested, the ministry did pursue this matter and reached decisions based upon the available evidence.

9 p.m.

Mr. Martel raised the matter of Surrey Place. I acknowledge that I'm sure he didn't do this deliberately, but he did mix up his facts to leave the committee with the impression that the 17 orders issued against the employer were for asbestos-related infractions and that the ministry went easy on the employer by not prosecuting in this example.

The facts are these. First, the inspectors found that asbestos was present in installation on piping in limited areas. Dust in the work

pece was attributed to drilling into partitions and concrete walls. Ministry officials monitored the cleanup on a regular basis to ensure that the asbestos-removal guidelines were followed by the employer. With the assistance of the joint committee and the workers, the guidelines were followed.

At the completion of the project, ministry officials carried out a final inspection and found that the areas had been cleaned and recleaned. Toys which could have been contaminated were washed following procedures and those which could not be cleaned thoroughly were discarded using appropriate procedures. This precaution was necessary since some of the toys, such as the doll produced by Mr. Martel at the last committee meeting, did have asbestos dust on them.

Mr. Martel: The children were playing with them.

Hon. Mr. Ramsay: Between June and November, the ministry issued 28 orders to this establishment. Twenty-seven of these did not concern asbestos but dealt with eyewash fountains, exit doors, fire extinguishers and so forth. They have been complied with, as was the one order for double-bag asbestos debris, issued at the first inspection in June.

Mr. Chairman, all parties took particular care to control asbestos at this project.

The member for Sudbury East raised the issue of alleged intimidation and reprisals against workers, arguing that the ministry should prosecute in all cases. Once again, I am unable to agree with this proposition.

As I have stated to the member on previous occasions, I continue to believe that the procedures outlined in section 24 of the act are appropriate where a worker believes intimidation or improper discipline has taken place. This is especially important when facts are in dispute.

This is important for two reasons, which I will reiterate. First, the complainant or grievor need only meet the civil onus of proof as opposed to the criminal onus that applies in prosecutions.

Second, and more important, the Ontario Labour Relations Board or the arbitration board, unlike the provincial court which may only impose a fine, has broad remedial powers, including the power of reinstatement and the power to direct the employer to cease and desist the activity that contravened the act.

The honourable member referred to the alleged intimidation of workers at Rothsay Concentrates Co. Ltd. I believe he was referring

to the suggestion that two union stewards were threatened with dismissal after advising another worker not to run a feather-pit operation. The machine in question was considered to be unsafe after a worker had sustained severe injuries because of improper lockout procedures the previous week.

I would point out that all the concerns at Rothsay were fully investigated and resolved through the industrial health and safety branch and the special adviser on industrial relations. As a result of a relationship by objective program held in September 1982, it was agreed by both union and management that all outstanding issues had been resolved and that the exercise had provided a new perspective on how to address and jointly resolve future problems.

It is my understanding that the alleged intimidation incident was never raised by the union during the course of the program and that the aggrieved person did not seek redress under section 24 of the act.

Mr. Martel has accused the ministry of ignoring reprisals taken by a company against workers exercising their right to refuse unsafe work and cited two cases in Sudbury.

In the incident at the Inco Copper Cliff copper refinery a refusal to work occurred towards the end of the shift over the issue of missing parts from a copper-refining furnace. In this instance, prior to the arrival of the inspector, 10 workers not involved in the refusal were sent home as a result of the missing safety device identified by the refusing worker.

The missing parts were found and put in place during the inspector's investigation. This satisfied the worker and no orders were issued, nor was there any reprisal taken against the refusing worker. Any dispute about lost wages is, in my view, properly addressed under the terms of the collective bargaining agreement.

In the second instance, the refusals to work occurred at the Inco pressure carbonyl plant when the workers were continuing the refusal by other workers on a previous shift. The dispute involved the number of men who were to be available for the search and rescue teams. Before the inspector's decision was known to the general foreman, he informed the workers that in his opinion, because the plant was in the hot standby mode and not in production, that their refusal may not be valid and disciplinary action might result.

The inspector's final decision issued the next day upheld the workers' refusal. An order was issued that standby rescue teams be provided and the company has complied.

As the member knows, a provincial court judge has no authority to deal with matters of this sort. The workers were advised of their option to proceed under the provisions of subsection 24(2).

The member for Sudbury East alleged that the right to refuse work provisions have not been properly administered by the ministry inspectorate. He contends that, on occasion, some inspectors have insisted that workers report defects in equipment or protective devices to employers or supervisors, as required under clause 17(1)(c), before exercising a work refusal under section 23.

Mr. Martel made reference to an incident at Aerofin Corp. where the ministry's inspectorate accepted management's assurance that an unsafe condition was under control and was being treated under section 17 of the act. The worker representative did not accept management's response and called the ministry's regional manager to investigate.

Inspectors do encourage workers to report hazards to their supervisors under both sections 17 and 23. Nevertheless, present ministry policy calls for inspectors to investigate complaints or work refusals, and there are no preconditions attached.

A preliminary check of ministry files has not revealed the case in which an employee of the Ottawa Board of Education provided a medical certificate to the effect that operation of a spirit duplicator was making her ill. I will be pleased to follow this up, if Mr. Martel can identify the date and location of the work refusal.

Mr. Martel concluded his remarks on the right to refuse work by raising a matter which is clearly beyond the scope of the existing statute. He suggested that once a work refusal occurs, the law should prohibit the use of any equipment or machinery involved in the refusal until the matter is settled. This issue was debated at length when the act was before the Legislature, and it is stipulated in the act that another worker has to be advised of the refusal by another worker before operating the equipment or machinery. I believe this provides a good measure of protection to the workers.

The honourable member made reference to the reprisal threats by Dresser Industries Canada in company letters sent to 38 workers who exercised the right to refuse work. The ministry's view is that an employer cannot take away from a worker a statutory right to refuse unsafe work by a general directive. This advice has been transmitted to the company executive. The company solicitor has indicated the com-

pany will ensure that appropriate corrective action is taken. I would note, however, that prior to the arbitration, a monetary settlement was reached with the employees.

On Wednesday last, my friend repeated and elaborated on some matters of great concern relating to the women workers in the coiling plant of the lamp division of Canadian General Electric, 221 Dufferin Street, Toronto.

Mr. Martel raised the issue in the House on November 8, and again on November 15, and I responded on November 18. I would like now to remind members of this committee of the background to some of the issues and the actions that have been, are being, or are yet to be taken to fully investigate the matter.

The fundamental question is whether there has been, or there is now, an abnormally high incidence of breast and gynaecological cancers among women employees at the plant and, more particularly, among those who work in the lamp coil-winding area.

It appears that concern about a possible increase in cancer incidence among the women workers in the coiling plant was first expressed in December 1980. Precise numbers, which would have allowed comparison with values for the general population, were not known. In any case, there were and are no incidence figures available that relate to working women.

The first need, therefore, was to establish precise figures and to confirm diagnoses. At that time, the plant physician, Dr. Richman, sought and was given advice by my officials.

I am advised that there were discussions between the health and safety committee and Dr. Richman on the matter from December 1980 onwards, and that the committee agreed with a proposal made towards the end of 1981 that a study be undertaken by the staff of McMaster University. This is the epidemiological study which, I am told, is to be funded by the company. My officials agreed to review the protocol for the study and commented on a revised draft proposal from Dr. Shannon earlier this month.

9:10 p.m.

It is our understanding that the company and the health and safety committee members are also dissatisfied with certain aspects of the protocol for the proposed study. I am advised that company representatives and the health and safety committee members will be meeting Dr. Shannon on February 2 to resolve the issues. When the format has been modified, my officials will review it again.

It appears that by November 1981, Dr. Richman

had determined that 25 women who had worked in the plant during the previous decade had contracted breast or gynaecological cancers. Eight of the women worked in the coiling area which, at any one time, employs an average of 49 women. Two of the women worked in the office area which, at any one time, employs an average of 60 women. The remaining 15 women worked in other production areas of the plant which, at any one time, employ an average of 220 women.

Upon the best available international authority, I wish to emphasize that none of the cancers reported in these workers—breast, ovarian, cervical or uterine—is known to be produced by occupational hazards. They are not even included in the list of cancers possibly produced by occupational hazards.

Any epidemiological study takes time to complete and my ministry is not prepared to wait for a definitive answer as to whether the incidence of cancer is excessive in this population, before fully investigating the work place for the presence of substances that are potentially harmful to human health. Inspection visits have been made by ministry officials to the plant at least since 1971. Investigations have been carried out since that time in connection with potential hazards to health, such as exposure to mercury, acid fumes and oil mist.

A full inspection was conducted from November 22 to 25, 1982, by the industrial health and safety branch, with the assistance of the occupational health branch and the radiation protection service. A very thorough investigation was initiated and part of the work is still in progress. Ambient air quality has been assessed in the acid room of the coiling department and tests showed that nitric acid, sulphuric acid, hydrochloric acid and hydrofluoric acid were not in excess of the respective exposure guidelines.

Twenty bulk samples of materials were collected for analysis so that specific air sampling may be undertaken when the components of those materials are identified. Not all of the results are yet available. The analyses are complex and time consuming and are being undertaken conscientiously.

In addition, and because the company is licensed by the Atomic Energy Control Board to process thorium, my officials have investigated the possible contamination of the white room, the arc tube area and the lamp coiling area by dust. I am advised that thorium oxide has been used in the plant to prepare filaments since about 1973. AECB, as licensing authority,

was advised of the ministry findings and it instructed the company to improve radiological hygiene and housekeeping, in a letter written on December 24, 1982. When the company was made aware of the findings on January 18, 1983, the process was voluntarily shut down.

The problem posed in this case is unduly complex; the report of serious and potentially life-threatening disease in workers is always a matter of concern. In this instance, we cannot be sure of the extent of disease and, even more difficult, is the identification of a causative agent or factor. We cannot be sure that there is an occupation-related cause. However, I believe my officials have taken the proper steps to determine the facts which may then permit further preventive measures to be implemented, if such are found necessary.

The member complained about the format of the data shown in the annual report, particularly with respect to convictions and fines.

A recommendation was made that the three line branches report their data in an identical fashion and that repeat orders and reasons for repeat orders be added to these numbers. The division has been working towards the provision of uniform statistics, and statistics concerning reissued orders will be added to the annual report.

With respect to reporting the reasons for reissuing orders, this will be examined by the ministry to determine whether it is possible and appropriate to include this type of information in the future.

There is one final matter brought up by Mr. Martel which I wish to address. The member has alluded to deficiencies in the administration of health and safety legislation in uranium mines and mills.

The members of the committee may know that in 1978 the federal government declared its intention to assume full responsibility for all aspects of health and safety in the uranium mines. This would mean developing comprehensive regulations under the Canada Labour Code and replacing the ministry's inspectorate with a federal field staff.

In the interim, Ontario's Occupational Health and Safety Act has been incorporated by reference into federal law as a regulation under the code. Moreover, the Ministry of Labour has contracted with Labour Canada to provide inspection services.

There is no denying that there are problems with the present arrangement which we are endeavouring to address. I do not, however,

agree that the proper solution would be for the province to simply withdraw. I think the member will find that neither labour nor management would support his suggestion in this regard.

I met recently with representatives of the United Steelworkers of America and the Ontario Mining Association, both of which urge continuing provincial involvement in this area. My officials are pursuing this matter with federal officials, with a view to simplifying the arrangements and avoiding some of the administrative problems to which my friend referred. I am confident that improvements can and will be made in the near future, and I will keep my friend and other members advised.

That concludes the particular responses I wish to make on my friend's comments on this particular vote. In concluding, I did want to say that although he and I disagree on a number of matters, I do value the contribution he makes to a greater understanding of the nature and dimensions of the complex problems we all face in this difficult field.

He is never hesitant to bring forward matters of concern, and frankly, in some cases, if it were not for the member for Sudbury East, we might not be otherwise aware of the particular perspectives which he brings to our attention.

Thus, although we may dispute the nature of particular problems and the appropriate remedial strategies, he and indeed other members of the House, including my friend Mr. Wrye, do play an important part in the total process. I am sure they will continue to perform this valuable monitoring function, and they can be assured that I will continue to be alert and responsive to all legitimate matters raised.

In short, what I am saying, I suppose, is that in the total responsibility system to which Dr. Ham refers, legislators, be they government members or opposition members, have an extremely important role to play.

The Vice-Chairman: Mr. Wrye, I believe you were next.

Mr. Wrye: Thank you. I have a couple of questions, because I know we shall move on to a couple of other votes.

Two matters, briefly: On the Doern study, *Living with Contradictions*, Mr. Martel read you the section on union and non-union. I wonder whether you could comment on another section on the same page, which reads: "An empirical examination of small versus large and organized versus unorganized industrial firms is rendered difficult by the manner in which the

ministry organizes its data on actions taken by the inspectorate."

It goes on: "This study does not entitle us to state whether size of firm or degree of unionization is the more important variable. We think intuitively that both are important, and are curious as to why MOL does not assess performance in relation to these two factors."

In terms of unionization versus non-unionization, I did not make detailed notes, but in your response, you referred to the difficulty in breaking down data as to the responsiveness in non-union shops, other than to make the general comment that you knew of non-union shops where the act was being upheld vigorously. I am not taking it out of context; I think that was your general comment.

Have you not considered putting together some kind of a study to see whether the application of the act is equal in union versus non-union plants?

9:20 p.m.

Hon. Mr. Ramsay: I believe that type of work is being done by the Advisory Council on Occupational Health and Occupational Safety, Mr. Wrye.

Mr. Wrye: Do you have any data that you can share with us?

Hon. Mr. Ramsay: I will check that out to see what stage they are at, and whether or not any of it can be released at present. They are reviewing the total implementation of the act.

Mr. Wrye: The other matter I want to raise with you briefly is your response on reprisals. I made a couple of notes regarding the letter sent to the Dresser Industries Canada employees. It seemed to me you glossed over what I remember Mr. Martel referring to as a pretty heavy-handed threat.

There was a second issue—I am not sure exactly which one it was—where you yourself said there was at some point the threat of disciplinary action. That seems to me to constitute a reprisal.

I am rather bothered by that whole issue and what initiatives you are taking to remove that kind of a threat. It seems to me that if the act is going to be upheld, for us to jump in afterward and say, "You really ought not to have done that," is all well and fine as far as it goes, but if threats of reprisals are a fairly commonplace occurrence, I just wonder whether you are hearing about many of them. I also wonder whether, once a little intimidation is practised in one instance, the employees are just not raising

health and safety issues as often as they ought to.

I go back to my first comment where a threat of reprisal in a non-union plant is much more real than in a union plant. There isn't anyone to protect you and there is no contract to protect you if the employer says, "You are out of here." All you have to fall back on is the wrongful-dismissal legislation. In your throne speech, even you admitted that was a little weak.

Hon. Mr. Ramsay: Speaking on a general basis, Mr. Wrye, I can only repeat what I have already said. Wherever there are reprisals or a threat of reprisals reported to us, we act on those expeditiously. We do not feel it is a widespread practice.

The particular one you mentioned, I believe, was Dresser; is that correct? Dr. Robinson, perhaps you could comment.

Dr. Robinson: This was included in a note dated December 17, which I believe was handed to members in the Legislature. The matter was drawn to our attention and we did get legal advice on it. At present, our officials are dealing with the company solicitor to try to get a resolution.

Mr. Martel: I simply want to make a statement.

Mr. Minister, in your opening remarks you questioned why people came to me; "waited for an opposition task force," I believe were the words. I listened carefully and tried not to get excited.

Your answers tonight to most of the issues have really left me cold. There are loopholes I could drive a truck through.

Maybe you and I should sit down with all the files which your staff have gathered and which I have gathered. I deliberately stayed with cases which I could substantiate. You have tried to portray a picture of compliance out there that does not exist.

Those types of answers you give are the reasons why the unions eventually come to us. They are unsatisfied. If that is going to be your response, they are never going to be satisfied.

Hon. Mr. Ramsay: Mr. Martel, in fairness, though, and with respect, I believe your presentation the other evening gave the impression of chaos in the work place.

Mr. Martel: I think there is. I am sorry, I would not have raised it had I not thought that, based on the number of people who came before us.

Hon. Mr. Ramsay: Not only did your presentation give that perception, but I believe it also

implied that the ministry officials were not terribly concerned and that they were not responding quickly and competently to the issues.

Nothing could be further from the truth. That is the reason, Mr. Martel, with respect, why we tried to establish the points in my remarks this evening; so we could counteract some of the perceptions you left.

Mr. Martel: I deal with all the big unions and representatives from almost every union in the province now. I meet with them once a month and this is the sort of concern I hear. You can say it is not there, but whether it is from the Steelworkers to CUPE to the Chemical Workers—you name them—they are all there and they are all complaining. You cannot hide from that fact. There has to be a reason.

Hon. Mr. Ramsay: Mr. Martel, this is a bit relevant—perhaps not totally relevant to what you are saying—but I clipped it out of the newspaper over the weekend. It dealt with the Canada Labour Code and the reservations and concerns they have about the inadequacies of that particular act.

Mr. Martel: It is much worse than ours.

Hon. Mr. Ramsay: Let us say that ours is a lot better than theirs. That was the reason why I clipped it out. I wanted to talk to the deputy about it tomorrow morning when we get together on a weekly basis on these matters. I wanted to ask him if he could provide me with an exact comparison between the federal code and ours.

From reading this article and from what I have learned in the few short months I have been in this ministry, Ontario does not have to apologize for its act. Tonight, I was not attempting to apologize; I was trying to explain and to clarify. Ontario has an act that it can be justly proud of and it is working.

Mr. Wrye: Russ, you are getting into fed bashing. We expected better from you.

Mr. Kolyn: The minister made some reference to the fact that the 39 employees were reimbursed after some negotiations. Have you any idea what the settlement was?

Hon. Mr. Ramsay: I do not have that myself, but Dr. Robinson might have it.

Dr. Robinson: I am afraid I do not have that information, but I can get it.

Interjection.

Mr. Kolyn: I would like to know what the settlement was. That is the issue. That is your

interpretation of everything. Everyone does not see it your way.

Mr. Martel: Workers are being threatened with a loss of their jobs.

Mr. Kolyn: I just want to know what the settlement was. What is the harm?

Mr. Melinyshyn: Mr. Chairman, I believe the reference being made here is to Dresser. In that case, the settlement was for 2½ hours of time, and they were totally reimbursed.

Hon. Mr. Ramsay: I am sorry, each worker was totally reimbursed?

Mr. Melinyshyn: I believe the total was 2½ hours per worker.

Hon. Mr. Ramsay: In other words they did not lose any—

Mr. Melinyshyn: No, they were reimbursed for their time.

Mr. Mackenzie: Even that answer bothers me a bit, because it is after the fact. What bothers me about your response to Mr. Martel's safety and health matters and the few I have raised myself, is that I get the distinct impression that the ministry has not cottoned to the fact that if Bill 70 has done nothing else, it has probably awakened more rank and file involvement and interest in the work place than anything we have done in terms of labour relations in a long, long time.

Either you have not got the message or you have glossed over the fact that the people were not coming to our task force and are not contacting us now on a daily basis because they have a hell of a lot of confidence in what is going on. That rank and file participation we have awakened in the work place—thank God for it—is saying there are some real problems.

9:30 p.m.

I do not get a sense that you recognize there are some problems and concerns out there, not only from the people who have raised issues with us, but even more recently from the Ontario Federation of Labour presentation on carcinogens. They are not happy. If you go to some of the safety and health conferences, the delegates right across the board are raising questions. That is what concerns me.

I understand your spirited defence of your ministry and your staff and your inspectors and all the rest of it, but I do not get any sense at all that you understand the kind of concern that is being expressed out there. I really wonder if we have made any headway at all in presenting the cases. You obviously do not think that most of

the points I raised are valid, yet they are coming from people in the work place and not in small numbers.

Hon. Mr. Ramsay: The exact opposite is true, as I tried to acknowledge in my final comments tonight. The activities of Mr. Martel, in particular, Mr. Wrye, the NDP task force and the media attention to the work place, to the act and so on has all contributed to assist this ministry in implementing, enforcing and regulating the act. I think that is all worth while and I do not take a light view of it at all, and neither does any one of the officials within the ministry.

I am a little reluctant to make this statement, because it might indicate that we give a lower priority to other areas within the ministry. We do attempt at all times to treat each problem, regardless of what area it comes from, with the same attention, the same concern and the same priority, but it is rather obvious that the bulk of the time and resources within our ministry is spent on occupational health and safety.

Fifty per cent of our employees are in the field of occupational health and safety. I do not know the figures, but one of these days I might ask for a comparison over the years, because you will find that it was not too long ago when there were fewer people working in the ministry in occupational health and safety. That has continued to climb over the years, which indicates a far greater emphasis and a required emphasis. I totally acknowledge that.

Mr. Mackenzie: It is just that it is a fantastic problem. I am not sure you are still coming to grips with it.

Hon. Mr. Ramsay: I assure you that I am and that nothing causes me greater concern.

The Vice-Chairman: Any other questions on that particular vote?

Vote 2304 agreed to.

Mr. Wrye: Mr. Chairman, if I might, Mr. Mackenzie wants to address some brief questions on votes 2307 and 2308.

As you know, my colleague, the member for Kitchener-Wilmot (Mr. Sweeney) has a number of questions on vote 2306. If there is any time permitting, I would like to ask a question or two on vote 2305. Perhaps so we do not get into time problems with Mr. Mackenzie's questions, can we go to votes 2307 and 2308 now, carry those and then go back to vote 2306?

The Vice-Chairman: Is that agreeable to members of committee? Okay, we will move to vote 2307 then.

On vote 2307, human rights commission program:

Mr. Mackenzie: There is just one recent case of the Ontario Human Rights Commission that has bothered me, about a couple of the approaches that we seem to be getting. The case I am outlining is of an Elsie Wilson, who applied for a job on October 22, 1982, at Central Precision Ltd. They are automotive parts rebuilders. She heard that they were hiring new employees and applied for a job as a honer and borer, which was one of the jobs available. She got there and was told by the receptionist that they were taking applications from males only.

At the time, she did not react, although she felt it was discrimination, because she thought they had somehow got around the legislation. At the same time she was there, three men were filling out applications for the jobs. She asked if they required experience for the job and the response was yes. Afterwards, she discovered they did not want experience for the job. The only experience they wanted was in the operation of a micrometer. That is a gauge that measure diameters of objects, usually cylinder-shaped objects. She had had experience in the use of a micrometer because of her previous employment at Stelco as an inspector. She discovered that they did not need experience on the honer and borer at all.

Central Precision Ltd. eventually did hire two young men, and the next thing we discovered was that they were actually training them on the job with the use of this equipment which had been listed as one of the requirements. She also found out later that they had at one time had women in the plant, but as the women left the various jobs they were doing the company didn't replace them with other women. Only men were being hired. She also found out that while at one time there had been a predominance of male Portuguese or Italian workers, now they had switched to young males just leaving school and were training them on the job.

On October 26 she went to the Steelworkers' union. She spoke with Deirdre Gallagher of the national office and Deirdre took her to a lawyer, Mike Link by name, and had her fill out a human rights form which they had in the office and which she did. Deirdre called the Ontario Human Rights Commission to make an appointment for an interview and was told that she should come in the same day. She was not told—I checked with her on this—that they needed an appointment for the interview.

Both Elsie and Deirdre went to the human

rights office and waited a considerable period of time and were finally told that there was no way they could see anyone without arranging an appointment, so they both left.

An appointment was made for November 5 at 2 p.m. Both of them went to the human rights office together. They took a statement from Elsie. The counsellor at human rights told Deirdre that the United Steelworkers had no right to have the human rights forms for complaints and wanted to know where they had got them, what the issue was and, of course, it was disputed whether or not they should have these forms. Then they were advised that they would have to deal with the Mississauga office of human rights because that is where Central Precision is located. This is some considerable distance for Elsie Weston. She lives in the east end of the city and it is not easy to communicate with and get across to that office.

She received a copy of the statement that she had made to human rights in the mail, registered December 13, 1982. Human rights also informed her that they were setting up a fact-finding conference and that they would telephone her and let her know the time and date. Deirdre and the United Steelworkers of America lawyer called human rights several times to try to find out what was happening and when the fact-finding appointment would take place. Finally, they called Weston giving her the date of the meeting as Monday, January 17 at 10 a.m. The location was the human rights office. A covering letter giving all of these details in writing was received by the lady typed on January 11 and mailed on January 13, but she received it only on January 17, the actual day of the fact-finding meeting.

By that time she had received a telephone call from a member of the human rights staff informing her that the meeting of January 17 had been cancelled and rescheduled for February 2 at 10:30 a.m., again at the Mississauga address. Up until yesterday, she still hadn't received confirmation of that time and date.

What also concerned them was that the lady was asked pointedly why the Steelworkers were involved in the human rights complaint. She was also asked to explain her relationship with the union and why she had got them involved in this complaint. As she told them very clearly, she was working at Stelco in Toronto and is a card-carrying member of the United Steelworkers union. She has the rights of recall at Stelco for two years under her contract and maintains her rights and privileges as a union member.

Central Precision is also an organized plant by the Steelworkers and it was the union that provided her with the notice of the job opening to begin with which resulted in her first visit.

As far as she is concerned, she has the double right. She says that she has related all of this information to an officer at the human rights commission during the course of her conversation, but she was asked if it was the union that had approached her and encouraged her to make the complaint. She said no, that it was she who had approached the union because of her membership and because of the fact she knew that Central Precision had a collective bargaining agreement with the Steelworkers.

She feels, and I do too, if this checks out, Mr. Minister, and I would like you to look into it, there is something wrong if an employer considers hiring only men and not women, especially when they are training them on the job and there is no experience necessary. She also feels there is some problem with the attitude of the human rights officials in their dealings with her because of her involvement with the union. Many of the specific questions about why did they fill out a form, did they encourage her, why are they involved, were totally uncalled for. I asked a number of questions about it and I would like some response as to what is going on in that case.

9:40 p.m.

Hon. Mr. Ramsay: We have tonight with us Canon Borden Purcell, the chairman of the Ontario Human Rights Commission, and the two senior officers of the commission, Mr. Brown and Mr. Stratton. Perhaps if they came forward they could address the matter that you have raised. Canon Purcell is the good-looking individual here on the end, with Mr. Brown in the middle. The other good-looking gentleman is Mr. Stratton on the other end.

Canon Purcell: I am not familiar with the case. I don't know whether Mr. Stratton is or not.

Mr. Stratton: Yes, I am familiar with the case. I have had occasion to speak with both Deirdre Gallagher and Michael Link, the lawyer for the United Steelworkers. I must confess in response to the question that there was some initial confusion by one of our new intake officers, a contract employee. He did not understand why the union had in their possession a number of questionnaires. I don't think he meant the inquiry to be sinister except that we maintain a control on those questionnaires, or try to, in

order to ensure that whomever we send one to we know who has replied and who has not replied. If someone has a problem filling out the questionnaires, we have a check system. If anybody is sent a questionnaire who does not respond to a questionnaire, we have a follow-up contact to make sure that there is no problem with filling out the questionnaire.

He was indeed perplexed to find that the union had questionnaires in their possession that he was totally unaware of because it tends to undermine our follow-up procedures. Nevertheless, I discussed that with Michael Link, and it is extremely convenient for him as he is counsel for the union and is in consultation with a great many union members. He could hand them a questionnaire and get it started right away. I sent him a dozen about three weeks ago.

With respect to the more recent problems in setting up the fact-finding appointment, I can't answer that. I talked to Michael on Thursday of last week. So far as he told me then, the treatment that he had been receiving from Wes McKenzie, who is the investigating officer, and Vic Marcuz, the supervisor, had been first-rate. I think there was a real confusion. However, I can understand what they were saying, particularly Deirdre Gallagher, because questions were asked about the union involvement, if they had a right to be involved. Of course, the legislation is very clear on that. Any person can choose any representative who has a full right before any of our proceedings.

Mr. Mackenzie: Okay. I don't want to drag it out. I did not mention the officer, although his name is here. That's another matter. I am concerned that anybody, even a new employee, would ask some of those questions. It wasn't just to the lawyer or to Deirdre Gallagher, but to the person. If she hadn't been a fairly strong person in her own right, it might have thrown her. "Did the union encourage you to lay it? Why are you going through this?" This should never have happened. It is totally and absolutely uncalled for in that particular section of your ministry.

Mr. Chairman: Any further questions?

Mr. Wrye: I have one brief question on this vote. Mr. Minister, I raised with you in the House a week ago last Thursday the issue of the discussion paper on employment agencies that was put out, I believe, in December—I don't have the material with me—and the suggestion, regarding the problems with employment agencies, that one of the solutions which will attack the perceived problem of employment agencies

would be for the commission to violate the code. I asked you on a supplementary to make a forthright statement, saying the option of the commission itself violating its own code will be thrown out. I am just wondering whether you have a further response on that now.

Hon. Mr. Ramsay: Mr. Wrye, I left my response on my desk this evening, and I apologize, although Mr. Ignatieff has provided me with another copy.

I have not had an opportunity to look at it, although I intended to bring it tonight and to discuss it with you. We do, however, have Mr. George Brown here, the director of the human rights commission, and he is fully conversant with this point. Perhaps he would be good enough to refer to it.

Mr. Brown: As you know, the document is a discussion paper. Various alternatives were canvassed in that paper in order to come to grips with the vexed problem of employment agencies and the apparent tendency over the years for allegations to be made against them with respect to discrimination.

As members may know, the Canadian Civil Liberties Association carried out a survey by telephone and came to the conclusion that these agencies appeared to be taking discriminatory job orders. We have had several complaints against agencies over the years, and it is very difficult to make a case of discrimination against them by virtue of the fact that they do not keep adequate records. It is very simple to accept discriminatory job orders over the telephone. Most of the complaints against agencies have to be dismissed. The ministry has been looking at this problem. As you know, the employment agencies come under the Ministry of Labour. The code also covers discriminatory aspects of the agencies.

The commission has before it a copy of the discussion paper. We are aware of your concern about this. Also, we are having Mr. Alan Borovoy at the next commission meeting look at the issue. There may be, however, a technical breach of the code, if you were to look at the issue as being conclusive at this stage. Nevertheless, if it is considered that the asking of the questions as one of the best means of coming to grips with this matter would appear discriminatory, then the regulations under the Employment Agencies Act can also address this with a notwithstanding clause.

Mr. Wrye: I do not want to drag this out, but I think it is fairly important, and I am sure Mr.

Borovoy will put the arguments in favour of the question I asked much more eloquently than I ever could, knowing him by person and by reputation. Are you suggesting to me there may be a need to change the regulations somewhat to allow the ministry to take the kind of action that the CCLA has done in two surveys, I believe—one where it found 11 out of 15 discriminated against and in the other 13 out of 15? The suggestion in the discussion paper, as you know, was that where that existed the result could simply be the lifting of an employment agency's licence, and that would be the threat hanging over its head.

Are you suggesting to me there may be a change in the regulation to allow the ministry to conduct that kind of an investigation, to make those kinds of phone calls?

Mr. Brown: No, I am not suggesting that at all. I am saying that various alternatives were canvassed, and I am sure the ministry, in its wisdom, will come up with the most reasonable alternative that is consistent with the livelihood and the viability of employment agencies in the province. However, at the same time we have to look at the question of discrimination. I'm not proposing any final solution to this issue. I'm just saying that is one issue, or one of the alternatives, that would have to be looked at. I do not know, at this stage, which one the ministry will accept, if any at all.

9:50 p.m.

Mr. Wrye: I will leave it at the fact that my prejudices on this question are well known, and I would hope that the minister would move quite expeditiously to other solutions to attack a problem which, I think we all agree, needs to be addressed. I don't think there is any disagreement on that. My only concern is that we ought not to add a new problem by attempting to rectify an injustice.

Hon. Mr. Ramsay: I want you to know that we did follow up on your letter of January 20. I have a note on it. We weren't disregarding it, I can assure you.

The Vice-Chairman: Mr. Kolyn and then Mr. Mackenzie.

Mr. Kolyn: I am sort of interested in the fact that the commission hired its first legal in-house counsel in 1981. I would like to know how large the legal counsel section is at present and what it costs. I don't seem to be able to find it. Is it under the Ministry of Labour legal section or is it under human rights?

Mr. Brown: It is under the Ministry of the Attorney General.

Mr. Kolyn: How many lawyers have you working for you at present and what are their functions?

Mr. Brown: We have one in-house legal counsel at this point. The function of that person lies within the day-to-day activities of the commission, things like legal opinions, jurisdictional issues, jurisprudential research, and assisting in difficult consultations and assisting with boards of inquiry if that is required.

When we go to boards of inquiry, we have the office of the Attorney General, civil division, which assigns lawyers to the cases that are before the boards of inquiry. If we have to depart from the Attorney General, to go outside, then the commission has to get permission from the Attorney General.

Mr. Kolyn: Thank you, Mr. Brown.

Mr. Mackenzie: You will call the vote now, I take it, Mr. Chairman, but I want the minister to be sure that we have an assurance that new or contract officers in human rights are going to be informed that we won't run into the kinds of questions that were asked here in this particular case or the kinds of challenges of someone's right to discuss it with the union.

Mr. Brown: I think it's rather unfortunate, and I can assure Mr. Mackenzie that this situation is maybe one in a million. I am sure Mr. Mackenzie knows that over the years the commission has accepted complaints from unions and unions have participated in complaints before the commission. This is rather an unusual aberration from the normal practice of the commission.

Mr. Sweeney: I have just one quick question while Canon Purcell is here.

Given the recent amendments to the legislation and the fact that the main thrust of that legislation—at least its main intention, although not necessarily all the discussion that flowed from it—was to provide increasing opportunities for handicapped people, what has been your experience over roughly the last year with respect to the new legislation doing what it was intended to do for handicapped people?

Canon Purcell: I will answer it in general and then we can have more specific information.

You realize that it didn't come on stream until June 15, so we are really looking at six months. We have set up a special unit to expedite the area of dealing with the handicapped. We have two or three of our most experienced officers

and staff working in this area. We have had fewer complaints than we had thought at the beginning. We had thought there would be far more coming. I think it's taking a while. Over the years the handicapped have had to find other advocates in the blind association or that for paraplegics. They in turn have gone to those traditional places for help and support. I think it's going to take a little bit longer than we thought for complaints to come to us.

In my quite extensive public speaking engagements—numbering 200 or 300 in the year that I have been chairman—this is something that I touch on in every speech and one of the areas that accounts for a lot of questions from employers and groups that I speak to and in interviews that I give. The actual number of cases—

Mr. Sweeney: Excuse me. I was less concerned with the number than with the effectiveness of the amendment, as written, to do the job that it was intended to do. Is it doing what it was intended to do? Is it effective? Is it working?

Canon Purcell: As I say, we have had six months. We can give you six months' worth of experience on that.

Mr. Brown: I think the number of cases is one index of the effectiveness of the legislation. To date, we have a total of 83 or thereabouts. One of the primary focuses of the program at this moment is edud.

We meet with employers, with unions and with schools, because in the first instance we think the emphasis must be laid on the educational program rather than the punitive aspect of the legislation.

If I might be permitted to give an example, we have one regular client who suffers from cerebral palsy. He makes it his business every day to test the efficacy of the legislation by going around trying to gain access to restaurants and so on. We have had about 15 complaints from him since the act came into force in Toronto. We may look at him as a nuisance, yet one thing he is doing is to assist us with our educational campaign in the city.

Canon Purcell: May I give one very important example? Metro Toronto employs approximately 6,000 people. Prior to our legislation, they had hired three handicapped people in the last 10 years of the 6,000 regular employees. In anticipation of and preparation for our legislation and our bill becoming law in June, they set out an affirmative action program for the employment of the handicapped and in the past year they

ave interviewed 300 handicapped people. They are now successfully employing between 80 and 300 handicapped people. If that is not a success story and if that does not justify in every conceivable way the importance of this legislation, do not know what does.

The Vice-Chairman: Any further questions? Thank you, Canon Purcell and staff.

Vote 2307 agreed to?

The Vice-Chairman: Do you want to do vote 2306 now?

Mr. Mackenzie: I have one question on vote 2308 and it is very brief, if you want to get rid of that.

On vote 2308, Labour Relations Board program:

Mr. Mackenzie: I just simply wondered if there was going to be any action or follow-up or investigation of any of the places that Mr. Ivers is alleged to have worked in where there have been other disputes, evidence about which is coming out in the course of the current hearings before the board. I would like to know just what kind of a look the ministry itself is taking at his past involvement in labour disputes.

10 p.m.

Mr. Armstrong: The chairman of the labour board is just entering the room and perhaps we could turn the question over to him. The Securicor case is still being heard and it may be difficult for he or I or anybody else—

Mr. Mackenzie: I understand. I do not want to make it long. I simply wanted to know if there was any intention by the ministry or the board to take a look at any of the evidence that has come out in the course of those hearings that might involve other past labour disputes or whether these disputes are just history.

Mr. Armstrong: On behalf of the ministry, I might say that we will look very carefully at the evidence that is reported. The board's proceedings aren't transcribed, and the board is not represented at the board hearings. To the extent that the evidence is recorded in the board's decision, we would look at that. If it was indicated that any investigation into other situations was warranted, Mr. Mackenzie, I think you can be assured we would look at that, yes.

Mr. Mackenzie: I am not sure what it tells me.

Mr. Adams: With respect to the writing of the Securicor decision, hopefully, the panel will keep in mind the public interest in the issues to the extent that a detailed narrative of the evidence would be useful to the board's arriving

at a decision. At the same time, it would help the community understand the nature of the problem that is being litigated. I am sure the panel will make very effort to be as exhaustive as possible.

Mr. Mackenzie: What caught my eye was the gentleman's own admission that he had been involved in some 30 or 40 other cases, acting on behalf of a company in undercover or other roles.

The Vice-Chairman: Any further questions of Mr. Adams on this vote?

Vote 2308 agreed to.

On vote 2306, manpower commission program:

Mr. Sweeney: I have a few points to raise which flow from a task force in which I was involved along with my colleagues Mr. Boudria and Mr. Mancini last spring and early summer. The minister will recall that in June 1982 I gave him, along with three or four other ministers, copies of that task force report with a series of recommendations.

If the minister remembers correctly—either just before that or just after it—I understood you to say that along with the Ministry of Colleges and Universities and the Ministry of Industry and Trade, yours was the lead ministry with respect to manpower training and skill development, looking at this whole question of unemployment, not just youth unemployment. Did I understand that correctly?

Hon. Mr. Ramsay: I don't believe so, Mr. Sweeney. I am looking at a letter I wrote to you on October 13 and I don't believe that I said such in my letter to you.

Mr. Sweeney: I don't recall it in a letter, but I remember raising with one of the three ministers the question that there has to be some sort of co-ordinated effort to deal with this since all three of those ministries—Labour, Colleges and Universities, and Industry and Trade—were most particularly affected by it. I thought one of them had indicated to me that yours was the lead ministry or the co-ordinating ministry in this particular issue. If that is not correct perhaps you could tell me who is.

Hon. Mr. Ramsay: I would like to call forward Dr. Alan Wolfson, the chairman of the commission, and also Mr. Barry Rose, the director of the commission. Perhaps they can respond to your question.

Mr. Sweeney: While they are coming forward, in addition to a number of other things that we raised in our task force report, I had drawn attention to a June 1978 report put out by

the, at that time, Ministry of Treasury, Economics and Intergovernmental Affairs. The minister at that time was the Honourable Darcy McKeough. I am on page 2 of that report now. For the next several pages, it refers specifically to the structural nature of youth unemployment in Ontario. As a matter of fact, Mr. McKeough's ministry report details and documents very clearly the fact that within Ontario two thirds or more of youth unemployment is structural rather than cyclical. They go through the documentation very clearly. I am not going to read it all.

As a matter of fact, the point they make is that as the cyclical needs change—specifically they talk about slack in the economy—then the ratio of youth unemployment to adult unemployment gets even worse. Then they go on and point out on page 3 of this report, using the figures they give there, that roughly the ratio of structural problems within the Ontario economy that lead to youth unemployment is as high as 74 per cent. Further in the report, they specifically say that, at best, only one third of youth unemployment can be related to the cyclical ups and downs of the economy.

It was that kind of thing I specifically wanted to draw to the minister's attention, and particularly to the manpower branch of his ministry, to inquire as to the extent that that has been looked at, to the extent that the several other government reports that I refer to in the document have been looked at, to the extent that you are now in the process of doing something, to the extent that, as I understand it, the unwritten Pollock report referred to and examined some of these issues. It might be interesting if somebody would tell me whatever happened to even the background material that was being readied for that particular report. This is the sort of thing that I really want to find out from you at this particular time. Then, as we go along, I will perhaps raise more specific questions.

It was purely coincidental that on the six o'clock CBC news this evening the observation was made that youth unemployment in Ontario in January 1983 is double what it was in January 1982; there has been a 100 per cent increase.

Dr. Wolfson: Mr. Chairman, there are a number of questions that Mr. Sweeney raised and I will see if I can pick them up in sequence. If not, I am sure that he will be kind enough to remind me of what I skip over.

First, with respect to the responsibilities of the manpower commission in a co-ordinating role, I think it is fair to say that the commission does have some general responsibilities for co-ordinating policies and programs related to

youth employment. The particular responsibilities for skills development and the administration of the training system and the education system are, of course, the responsibilities of the Ministry of Colleges and Universities and the Ministry of Education. The manpower commission doesn't involve itself in the actual delivery of training programs or skill development programs, though it does have some responsibilities with respect to monitoring those activities and performing program evaluations.

I don't know whether that sorts out the respective roles sufficiently, but that is a general statement of our respective roles.

10:10 p.m.

With respect to that report of Treasury and Economics, there are a couple of comments I would like to make. One is that the situation in 1978 was, unfortunately, very different from the situation currently and the ratio of youth unemployment to adult unemployment was, I suspect—I haven't got the figures in front of me—if anything, worse in 1978 than it is in 1982, simply because this particular recession, although it has been very damaging to our young people, has really had an unprecedented effect on the adult population. If you look at the relative impact, I am not certain we would find that the relative growth of youth unemployment really is greater than the relative growth of adult unemployment. As I say, I haven't got the figures in front of me.

Mr. Sweeney: May I intervene just for a second there? The most recent data I have shows the nine-year age period from 16 to 24 as a component of the entire working age range of 16 to 65; in other words, you are talking in total of statistics of a 50-year working period, 16 to 65. The period I am talking about is 16 to 24, only nine years out of that 50. That particular group represents 44 per cent of the unemployed. I think the significance of that particular group is still extremely high.

Dr. Wolfson: I would not dispute that for a moment. What I was suggesting, Mr. Sweeney, is that that particular group, that 16 to 24 age group, historically has represented that kind of proportion of the general unemployed. When we are at the top of the cycle, when we are at the bottom of the cycle, we see the same—

Mr. Sweeney: That is the issue I am trying to come to grips with. It has been that way and, according to Darcy McKeough's report, that is because of the structural problems that don't seem to be being addressed. If any group, surely it is the manpower commission that should be looking at that very issue and dealing with it.

Mr. McKeough points out, and in all the reports—and that goes right back to the early 1960s—it is nothing new, and it is still there today. Our report clearly indicates—again, I am not going to go through it all; we don't have the time—as we talked to counsellors, as we talked to employers, as we talked to unemployed youth, as we talked to various agencies, that it was still the same six months ago, and I have no reason to believe it has changed.

Dr. Wolfson: If I might comment on that structural component of the unemployed, it relates to two primary factors. One is the mismatch of skills to jobs, and that is generally what people refer to when they talk about structural unemployment. There is, however, another component that is subsumed into the structural component, and that is what economists refer to as frictional unemployment. That simply relates to the people who get counted as unemployed when the survey is done simply because they are between jobs.

What we do find is that in the young age groups the level of frictional unemployment is relatively high; there is considerable job turnover. This relates partly to the mismatch between skills and jobs, but it also relates partly to that initial entry into the labour market where young people are feeling out new jobs, obtaining some experience and trying to locate themselves in what they hope will be a permanent way within the labour market. So the frictional component of the total unemployment among young people is somewhat higher than it is among the adult population.

I do not mean, however, in any sense, to suggest that the structural component in terms of the mismatch between skills and jobs is unimportant. It is a matter the commission has given a good deal of attention to. It reflects itself in a cohort of young people who simply have a very difficult time penetrating the labour market. They are school dropouts, their skills are not well developed, their job experience is poor and their job prospects are poor.

What we have done within the manpower commission is, first, in a follow-up study to the one done by Treasury and Economics in 1980, we surveyed the problem of youth unemployment and youth employment in Ontario in a comprehensive way and, as a result of that study, formulated the various programs that the Ontario government was offering in youth employment, which are really quite comprehensive; into a youth employment envelope, with the purpose of beginning to use that

co-ordinated envelope, that co-ordinated budget in a strategic way to address the problems of those structurally unemployed youth, namely, school dropouts, people who are unemployed, not as summer students during a short number of months during the year, but rather people who are unemployed on a year-round basis.

What I can report to you is that whereas two years ago the bulk of the moneys that were spent within the youth envelope were directed to the support of summer jobs for students to the tune of about 80 per cent of the funds, last year we began redirecting those funds into programs that were addressed to out-of-school youth, nonstudents on a year-round basis, programs such as the Ontario career action program. We have moved from an 80-20 proportion in one year to a 60-40 proportion. We are continuing to try to reorient those programs to address the structurally unemployed. At the same time, we are doing a comprehensive evaluation of all the programs within the youth employment envelope to see whether we can steer them more effectively to the group in greatest need.

Mr. Sweeney: In October 1979 the manpower commission took a survey across the province and came up with a number of results which, again, are almost identical to the things that we found three years later in 1982. I am looking at pages 16 and 17 of your survey. They are talking about the need for schools and business to collaborate more effectively. The government should create and subsidize an apprenticeship system beyond what they are now. Smaller businessmen complain about the predatory recruiting by larger firms after smaller businessmen have done the training. The burden of training of much-needed trades is not being borne equally, and on and on and on. There are several pages of these kinds of things.

Once again, three years later when we did our survey, all those problems are still there. I can mention two in particular which go back years. As a matter of fact, one of these goes back to the 1963 report, the Simonett report, which was 20 years before, and that is the need for some kind of manpower forecasting. Everyone recognizes that it is not an exact science, that it is difficult and that it has built-in problems. Equally, everyone we talked to, whether we talked to employers or the unemployed youth themselves or secondary school counsellors, whoever, said that the process can be dramatically improved over what it is now.

It would seem to me, again, that surely the manpower commission is the one to get involved

in that. I understand that the federal government made an announcement very recently that it is going to move into this field in a much more significant way than what it ever has before. Could I have some comments on that?

Mr. Wrye: Mr. Chairman, on a point of order: I know after the events of Friday night in Winnipeg that members of your caucus are scrambling around trying to decide who will depose the fallen king, but perhaps certain committee members could be asked to keep those discussions at a minimum so that we can deal with youth unemployment and not the unemployment of Mr. Clark.

The Vice-Chairman: I respect your comments, Mr. Wrye, and would ask the two honourable members to refrain from further loud conversation.

Dr. Wolfson: May I comment on the two points Mr. Sweeney referred to, the last point first, namely, our activities in forecasting and the activities that the federal government has recently announced with respect to its forecasting effort? In fact, manpower forecasting and, in general, labour market research and intelligence has been a first priority of the manpower commission since its inception. About half our staff now are devoted to the exercise of developing occupational projections and trying to identify where the imbalances in the labour market are expected to occur over the next five- or six-year period.

I don't think I am being too immodest in suggesting that we have a capability within this province in the manpower forecasting field that is unparalleled within Canada. Indeed, the federal government is now moving into an area that we have occupied for the last three years and is relying quite heavily on the expertise that has been developed within the commission, certainly before my time, but was developed within the commission in an exemplary fashion.

10:20 p.m.

I share your view entirely on the inexactitude of the forecasting exercise, but it's quite clear that we cannot move to develop informed manpower policies without trying to get a handle on what the future does hold for the labour market. We run very sophisticated econometric and computerized forecasting models, but we are supplementing those with some field intelligence activities and some sector studies. I think you would find that our general forecasting and labour market intelligence activity is really quite comprehensive.

In reference to your comment about the stickiness of the situation in industrial training and the fact that the Simonett report 20 years ago identified a situation that is still with us, that indeed is another area of frustration that I share with you. There has been no dispute about the nature of the problem. The problem is that the industrial training base in Canada and in Ontario is very underdeveloped. It's underdeveloped because our manufacturing sector has tended to rely historically on imported skills in order to man its industry, rather than develop its own skills through training programs.

The difficult task has been not to identify the problem, but to come up with solutions that will address that problem in an effective way. What we have done over the past year is work with the federal government in crafting a new joint effort, through the national training program, to come together, at both levels, of government with business and with labour to see whether we can't do something in an effective way about creating an industrial training base.

There are enhanced training subsidies now involved in that program. Some of those subsidies are really very generous: up to 85 per cent of the wage bill for special-needs groups that engage in industrial training; 75 per cent for women in nontraditional trades; 50 per cent for an ordinary employee who wants to be retrained in a designated area. Our task is now to convince business and labour to take advantage of those enhanced subsidies offered by government to get the job done.

I can tell you there has been a consensus formed at a recent federal-provincial ministerial meeting in Edmonton that, although we understand that during the downturn it's very hard to mount new training programs, we view this as an opportunity and that government will be closely monitoring the activities of the private sector to see whether they do take up the new subsidies that are offered to them on a voluntary basis. We will continue to discuss, between the federal and provincial governments, alternative strategies that might have to be undertaken if the voluntary approach does not appear to be successful when the economy begins to recover.

Mr. Sweeney: I would have two comments. The first is that as we talked to counsellors around the province, as a matter of fact as we talked to employers, we drew to their attention that there was, in fact, this forecasting component in the Ontario Manpower Commission; I must tell you their general consensus was that they were not very much aware of it.

One of the most serious criticisms by the young people themselves was that they felt they got very poor career counselling while in secondary school. As a matter of fact, many of the dropouts indicated that, among many others, was one of the reasons they finally said, "What's the point of staying here, I don't think I'm getting anything."

When we came back and talked to the counsellors about that, many of them admitted they felt very inadequate in their ability to assist their students with respect to career counselling, not personal counselling but career counselling, simply because they didn't have the background. They didn't have this kind of forecasting material. They said, "If some level of government is working on this, we sure wish they would pass it on to us."

We found that whether we went to Windsor, Ottawa, Thunder Bay or Niagara Falls. It seemed no matter where we went there was that same consensus that if there is a mechanism out there for doing that, it sure isn't getting to the kinds of people who are talking to these kids and who are trying to give them some advice.

Somewhere along the line either one level of government or both levels of government are not being very effective in communicating whatever they are doing. I don't know what your mechanism is.

Dr. Wolfson: Mr. Chairman, I don't want to appear defensive about this, but I think it is worth remembering that the manpower commission is only a little over three years old, and it has taken that time to develop a forecasting capability that we now feel comfortable enough with to go out and market. I think at any earlier time we would have been running the risk of simply misleading that clientele out there by giving them the impression that we knew more about the nature of the labour market and its future than in fact we did.

I believe we are coming to that stage in our development where we are prepared to offer that kind of advice and capability. In fact, we are now in the last stages of developing a tool that will be an annual report that should be accessible by career counsellors, by manpower planners in the corporate sector, by various government agencies and it will, I think, address some of the needs Mr. Sweeney refers to.

Mr. Wrye: Mr. Chairman, if I could have a supplementary on this to the minister; it may not be totally appropriate to this vote but it is the only chance I have to raise it, rather than go into question period. I may do that as well, but if

you can, bring this to the attention of your colleague, the Minister of Community and Social Services (Mr. Drea).

One of the issues that was raised in terms of training and retraining—I believe under the National Training Act, federally-funded retraining—is that a lot of people, particularly young people, who may be married and with young children and who are right now on the welfare rolls, are being offered the opportunity for this retraining but the reimbursement level is less than they are receiving on welfare.

The municipality has attempted to, in effect, top off the differential between the training allowance and the general welfare assistance rate, and the Ministry of Community and Social Services has refused to allow that, saying, in effect, the federal program ought to pay enough that no topping off should be necessary.

It seems to me a very unnecessary squabble between the federal government and the provincial government, given that GWA is 50 per cent federally funded anyway, and it is one that is very frustrating to the municipality and, most important of all, to those who want to get retrained but simply may not be able to afford it.

I leave that question with you and ask you if you would raise that with Mr. Drea. I could send you more details, including comments from Mr. Alfieri to the local Community and Social Services office.

Hon. Mr. Ramsay: I appreciate that, Mr. Wrye.

Mr. Sweeney: Mr. Chairman and minister, I can see that our time is just about running out. I just want to make one final point because it was raised with respect to this whole training model.

The point that was driven home to us very clearly is that Canada, and that includes Ontario, has one of the weaker efforts, if you will, with respect to training programs. If I can just give you a couple of elaborations on that, here is a report put out in 1982 by the Ontario Institute for Studies in Education and at the very conclusion they say unemployment among youth is the highest, compared with unemployment among youth in other countries. They make that observation.

One of the interesting comments we had was from a lot of small-business employers who have a European background. They were absolutely astounded at what we do in this province with respect to training, compared to other jurisdictions. They told us about Sweden; they told us about West Germany; reference was often made to Japan, in terms of the way in which the

employers themselves, business itself, government and education all work together in these other jurisdictions.

The point was made to us, and I have all kinds of documentation here to back it up, that in those countries where they have that kind of training program, the ratio of youth unemployment to the general unemployment is much lower than ours. It fits in with the general pattern.

In other words, where you have a general unemployment rate of about nine per cent, youth unemployment is about nine per cent too in those countries, whereas here it is invariably double. If the general unemployment rate is eight or nine per cent, the youth unemployment rate is 16 to 18 per cent. There is obviously another model that needs to be put into place.

Again, we keep coming back to it, we have been talking about it for years. How are you going to break through this?

I am convinced that the voluntary model is not going to work. As a matter of fact I will go back to the famous Pollock investigation, inquiry, whatever it was. I read a couple of news reports of public meetings that Mr. Pollock attended and he clearly indicated the same thing: the time has come in Ontario to actually start to consider seriously mandating this; that the voluntary system simply has not worked and is not likely to work.

Now where is the Ontario Manpower Commission on that? Are you prepared to make a policy change? Are you prepared to recommend a policy change? Have you recognized the fact that here in Ontario we are just way behind other industrialized countries with respect to this whole operation?

Mr. Mackenzie: As long as we can cannibalize, and we have been, it has never really been accepted until recently.

Dr. Wolfson: Mr. Chairman, I think it is very difficult to compare the experiences in western European jurisdictions directly with ours and draw firm conclusions. If you take a look at some of those jurisdictions—Austria, Germany and so forth—you certainly do find a very much better developed industrial training base. You find relatively low rates of youth unemployment because there is a transition from their secondary schools, or indeed, lower levels of schooling, into the permanent labour force via a very extensive apprenticeship system. Almost everything is apprenticeable. Retail clerks are apprenticeable, not just tool and die makers.

In Ontario we have a very different model of training. I have referred to the fact that our industrial training base is underdeveloped, but our institutional training base is very developed indeed. We have a community college system that is very extensive. It is the envy of many other jurisdictions.

The statistics on the comparative rates of youth unemployment in Europe and in Ontario that Mr. Sweeney has referred to have to be viewed against the background of those very different approaches to training. When a student is a full-time student at community college he is not counted as part of the labour force for the purpose of counting unemployment statistics. When a student is part of an apprenticeship program in West Germany he is counted as part of the labour force and as an apprentice is counted as employed. So if you take that individual and move him from industrial training to institutional training you get some distortion in the comparative unemployment rates.

However, I do not want to appear complacent about the problem of industrial training. We cannot rely as exclusively as we have done in the past on a highly developed institutional training system. We have to integrate our institutional training system with an industrial training system and we have to get business and labour on side. I think we are making progress in doing that.

The recommendation of the Ontario Manpower Commission is that we give the private sector one last chance with respect to enhanced wage subsidies, with respect to an enhanced awareness of the nature of the problem, with an understanding that we are not going to permit immigration to be the answer to our training needs, and that we prepare for alternative strategies in the meantime. I think it is simply imprudent to try and implement a very hard-nosed approach to industrial training in the midst of the deepest recession since the 1930s.

Mr. Sweeney: Yet, as a final comment, I had employer after employer tell me that surely now, while so much of our economy is down, is an ideal time to train people for the kinds of skills we know we are going to need two years and three years from now. It would take some very innovative and very imaginative programs by both levels of government, but it is not being done.

Thank you, Mr. Chairman. I have a lot of other points but obviously time has run out.

Vote 2306 agreed to.

Vote 2305 agreed to.

The Vice-Chairman: This concludes the estimates of the Ministry of Labour. We thank the minister, the deputy and staff for your participation, and the members of the committee for

their endurance.

This committee stands adjourned until the call of the chairman.

The committee adjourned at 10:33 p.m.

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 MacKenzie, R. W. (Hamilton East NDP)
 Martel, E. W. (Sudbury East NDP)
 Ramsay, Hon. R. H.; Minister of Labour (Sault Ste. Marie PC)
 Sweeney, J. (Kitchener-Wilmot L)
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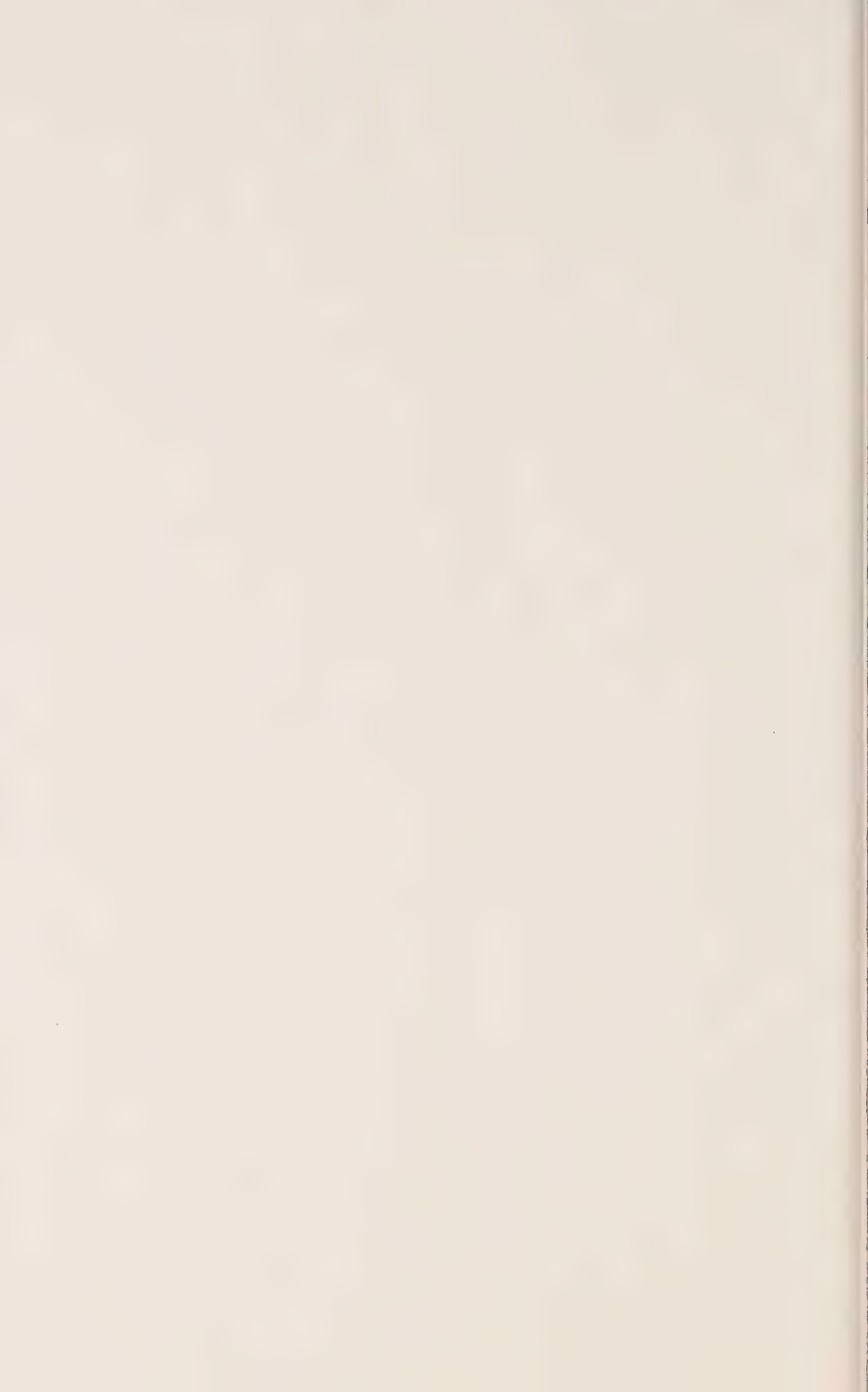
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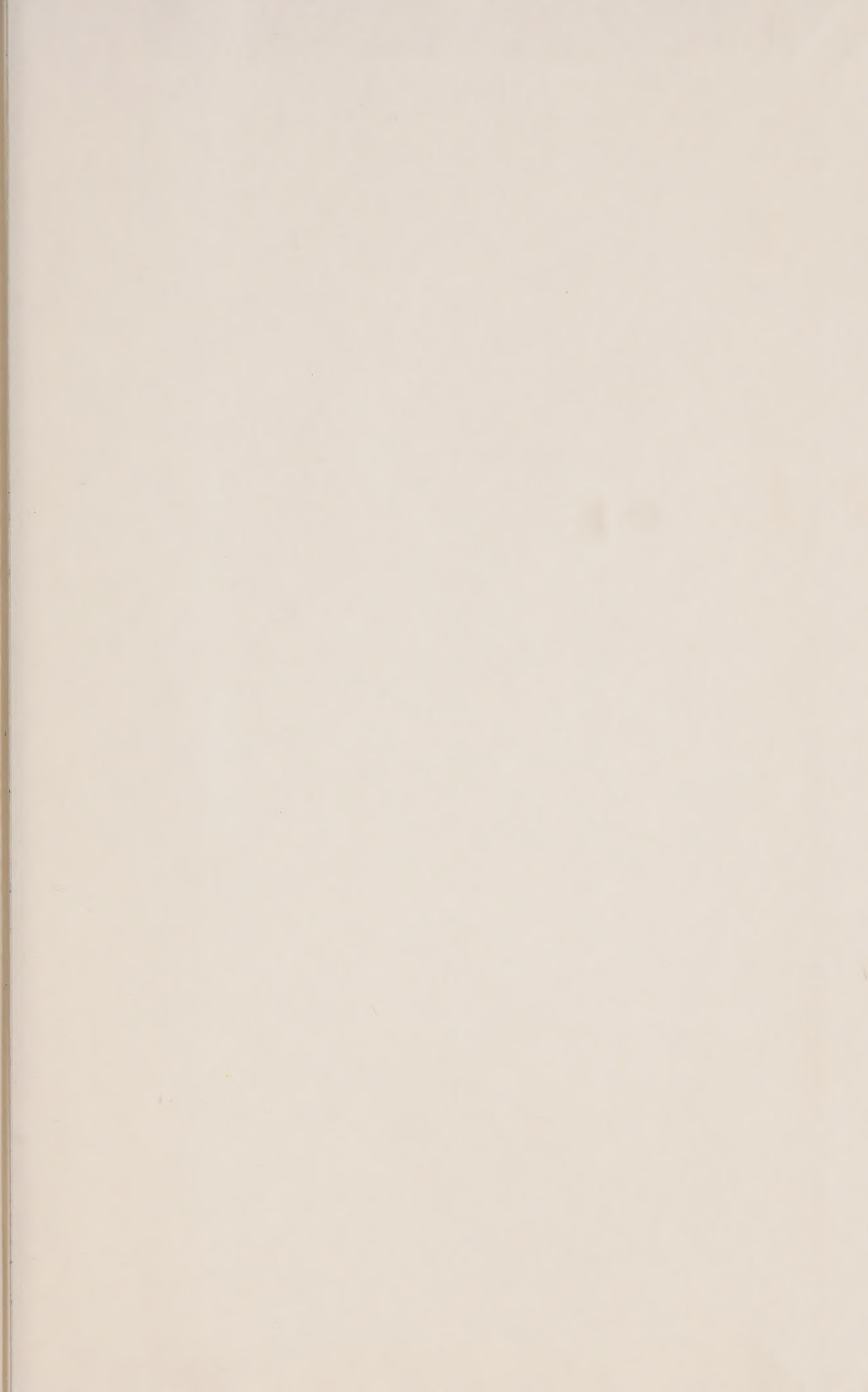
Adams, G. W., Chairman, Ontario Labour Relations Board
 Armstrong, T. E., Deputy Minister
 Brown, G. A., Executive Director, Ontario Human Rights Commission
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 Robinson, Dr. A. E., Assistant Deputy Minister, Occupational Health and Safety Division
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